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CHAOS IN ASIA

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By

HALLETT ABEND

Author of

"Tortured China," "Can China Survive?"



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To
MY SMALL PARENT

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CHAOS IN ASIA

1.

AFTER TWO YEARS

ON THE night of July 7th, 1937, a few shots were fired near the Marco Polo Bridge, in the vicinity of Peking, and started a war that has already lasted for more than two years. After twenty-four months of fighting that has resulted in at least 2,500,000 military casualties alone, the end is not yet in sight.

China continues to battle grimly—obviously in self-defense. Japan fights on with equal grimness, for aims not yet definitely disclosed but stated in such vague terms as “the establishment of a New Order in East Asia.” The New Order has already arrived. It is poverty, desolation, hatred and chaos.

The present Chino-Japanese conflict, the greatest war the world has known thus far in the twentieth century, except only the World War, began as a “local affair.” The developments of the first month were very similar to those of Septem-

ber, 1931, when the Japanese began their conquest of Manchuria. In that month in 1931 Japanese forces began to spread out from the South Manchuria Railway zone, where they were stationed under treaty provisions. The Japanese Government persisted in assuring the Powers that only a "local incident" had developed and that Japanese troops would soon be withdrawn back into the legal zone. Nevertheless, more and more reinforcements continued to arrive from Korea.

So in North China in 1937. The Japanese Government and the Japanese Army spokesmen repeatedly insisted they wanted a "local settlement," but day and night soldiers and artillery, horses and munitions, trucks and airplanes, ambulances and vast food supplies poured into North China from Manchuria by rail, and Japanese transports crowded the shallow harbor at Tangku, down-river from Tientsin.

I watched the long, overloaded trains roll into Tientsin from Mukden, at the rate of more than forty every twenty-four hours, and I expressed my utter disbelief in the "local incident" propaganda. This was to be war, unless China would surrender North China to Japan without a struggle, and such a surrender I believed to be impossible.

A so-called "nose for news," a "hunch," the warning from some sort of psychic antennae that big trouble is brewing—these are curious and inexplicable things. But all newspapermen have experienced them.

The early summer of 1937 offered no particular grounds for forebodings, but I was uneasy, alert. China was prospering as never before. The era of civil wars seemed to be def-

initely at an end. Highways and railways were being extended; crops promised a fabulous yield; the currency was stable; old debts were being repaid. Even the Yangtsze and Yellow Rivers were behaving themselves and were not threatening devastating floods. But my uneasiness persisted—so I went questing. To Manchuria, to North China, to South China, to Nanking.

Finally, late in June, I made a request to be received by General and Madame Chiang Kai-shek. At that time they were in seclusion, resting at the mountain resort of Kuling. They planned to have a quiet time all to themselves until July 1st, after which Government leaders and Army officers were to go to Kuling by the thousands. General Chiang had prepared series of political and military lectures to be delivered to successive groups. I wonder where those yellowed and unread manuscripts are today?

The Generalissimo and his wife consented to let me intrude upon their quiet holiday, and on June 27th I flew from Shanghai to Kiukiang in a rickety little four-seater. At Kiukiang one of Chiang Kai-shek's aides awaited me with an automobile, which took us to the foot of the mountain, and there we found four-bearer sedan chairs in readiness for the long climb up the narrow trail to Kuling.

The valley was sweltering in the muggy heat, but halfway up the trail we came into a cooling fog, and later into a belt of chilling, driving mountain rain. By five o'clock in the afternoon, changed into dry clothes, I was sitting in the living room of the Chiang Kai-shek bungalow talking with the Generalissimo and Madame Chiang. Logs blazed in the wide

fireplace, before which a magnificent red setter was dozing. The tea was hot and fragrant, the scones were crisp, the sandwiches thin and delicious.

I came away from an hour and a half of talk in that room with the conviction that General Chiang felt China was not yet ready for a showdown with Japan—that he believed at least another two years of preparation was essential. But I also came away with the conviction that if Japan tried to nibble off any more of China's territory, or attempted by bluster and sword-rattling to exact any unfair concessions or agreements, that China would resist.

While the Generalissimo talked, and Madame Chiang translated, I thought about Japan's naval strength and of the efficiency of the Japanese armies I had seen in action in Manchuria—their superior artillery, their air strength. And I thought of the fine young flying cadets I had seen at the Chinese Army Aviation School at Hangchow only a month before. Those young men lived almost monastic lives, and on the wall of each cell-like room was a motto reminding them that they must devote their lives, if necessary, toward "the freeing of our enslaved brothers in Manchuria."

Those young men were being trained to fight against Japan. In the center of the school's main courtyard (now a blasted ruin) I had seen a granite shaft to which was affixed a bronze plaque, the characters upon which were a solemn oath to "give our planes, and our lives, if need be, to destroy the ships of the enemy."

Brave words, and fine intentions, for a patriot. But in two years of warfare not a single Japanese naval vessel or transport

has been sunk by a Chinese aerial bomb, despite many extravagant claims to the contrary.

It was on June 27th that I talked with the Generalissimo and Madame Chiang. Ten days later, near midnight of July 7th, the first shots were fired near Marco Polo Bridge. But the news did not reach Shanghai until about eight o'clock the next morning.

Life in China has not been the same since that morning of July 8th. It was clear and cool at half past five when, by appointment, I met two other American newspapermen and the three of us drove out to Seekingjao to play golf. The night's accumulation of telegrams and news services showed no indications of trouble, and the headlines of Shanghai's three English-language morning newspapers were dull and uninteresting.

The three of us returned to my apartment about seven forty-five, ravenously hungry after eighteen holes of golf. We planned to shower and then have a belated breakfast of waffles and chicken a la king on the breezy front terrace, which, from a height of sixteen stories, overlooks Shanghai and the junction of the Whangpoo River and Soochow Creek.

I've forgotten when or if we ate. But I recall that I did not get my shower until noon. For on my desk was a suspiciously large stack of "stuff." Telegrams and radiograms from Peking and Tientsin. Several pink envelopes containing Reuters dispatches, and half a dozen green envelopes from the Japanese Domei News Agency. And each of them was stamped in red letters an inch high "BULLETIN—URGENT."

I read two telegrams and then reached for a cable blank.

"This, boys," I said, "is it."

For the next two hours I was busy sending off six- and eight-line cables to New York, telephoning to the airport to reserve a seat in next day's plane to Tientsin for my assistant, telephoning to get a reservation to Tientsin on the next night's train, with a stopover privilege for Nanking.

I knew, somehow, that this meant war. The uncanny thing known as "the nose for news" told me that not even foreign mediation could halt the clash of the forces of hatred and suspicion and greed and ambition that had been gathering for so long. China was growing too strong, too united, too efficient. Japan could not wait. In fact, as events have shown, she waited too long to secure the easy victory upon which she counted and planned.

More than two years have passed since that July morning. Today Japan has 1,000,000 armed men on the mainland of East Asia. Literally every Chinese city of any size and importance, with the sole exceptions of Peking and Tsingtao, has been bombed many times from the air. Uncounted tens of thousands of civilians have been killed and wounded. And Japan's national debt has increased by more than 10,000,000,000 yen since this latest "incident" was started.

Foreign military observers and experts estimate that the Chinese casualties must total approximately 2,000,000 killed and wounded. The Japanese admitted about 60,000 killed up to the beginning of April of 1939, but this figure is considered glaringly incorrect. Eventually, but perhaps not until the war is ended, the exact Japanese casualty figures must be known, for it is obligatory to report to the great Yasukuni Shrine in

Tokyo the name of every son of Nippon who dies in war. True, the number thus far reported is only a little less than 60,000, but there is nothing to prevent the War Office from delaying reports in order to allay public anxiety.

Foreign military experts estimate that up to the first of May, 1939, Japan must have had between 150,000 and 200,000 killed, and from 400,000 to 500,000 wounded so seriously they will never again be fit for military duty. This figure is arrived at partly by carefully checking the number of "replacements" that have arrived to keep at fighting strength the known number of Japanese divisions operating actively in China. Certainly nearly every Japanese ship that has sailed from Chinese ports homeward bound during the last two years has carried a very great number of those small white boxes used to encase the ashes of cremated soldiers and sailors.

The last official Japanese casualty summary was made public the first week in December, 1937—about a week before the capture of Nanking. At that time the army alone admitted 115,000 killed and wounded in North China and in the lower Yangtze Valley battles.

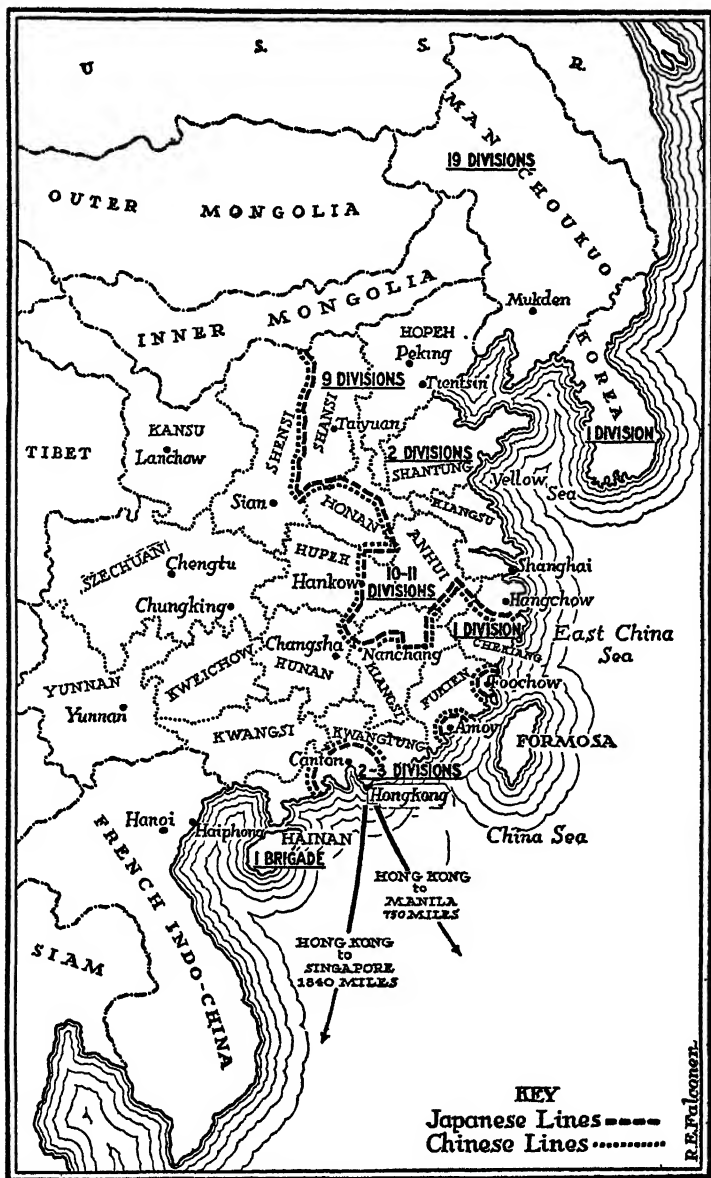
Since then have followed the bitter battles around Nanking and Wuhu, the drive upon Kiukiang, the long-drawn attack upon Hsuechow with the accompanying Japanese disaster at Taierchwang, the costly campaign in Shansi province, the two-months drive upon Hankow and the series of terrific battles southward along the railway from Kiukiang, which finally resulted in the Japanese capturing Nanchang. Less important, so far as the cost in Japanese lives is concerned, have been the taking of Tsingtao and Tsinan and the overrunning

The map facing this page shows the front lines and relative positions of the Japanese and Chinese armies in China during the first week in June, 1939. At that time Japan had approximately 1,000,000 soldiers in China, disposed as follows: nineteen divisions of about 25,000 men each in Manchoukuo; and in China, south of the Great Wall, about twenty-six divisions. The latter, despite a constant flow of replacements, do not average 25,000 men each, for they are constantly being depleted by men being killed in action, dying of wounds, or being hospitalized by wounds or sickness.

In China proper, late in May, the disposition of Japanese forces was nine divisions in North China, two divisions in Shantung Province, and ten or eleven divisions in Central China, including one brigade in and immediately around Shanghai, one division in and around Hangchow, and three divisions in South China. The latter forces include two and a half divisions in the Canton area and one mixed brigade on Hainan Island. The force at Amoy is of negligible size.

Not including the Canton area, Amoy, or Hainan Island, the Japanese forces in China, less than 500,000 strong, must guard all railways and highways, garrison all occupied cities and towns, and keep constantly on the alert along a front more than 3,000 miles in length that leads from the vicinity of Hangchow, on Hangchow Bay, inland through the provinces of Chekiang, Anhui, Kiangsi, Hunan, Hupeh, Honan and Shansi, and on into Suiyuan. In addition, the Japanese have a virtual "front line" another 3,000 miles long guarding the Manchoukuo borders.

Officially Japan admits the loss of only about 60,000 men killed, but foreign military observers and experts place the total between 150,000 and 200,000, with another 400,000 to 500,000 wounded. China's losses approximate 2,000,000 killed and wounded, not counting tens of thousands of civilians killed and wounded during air raids and bombardments.



of much of Shantung Province, the capture of Hangchow and adjacent regions, the disgracefully easy "walkover" that resulted in the capture of Canton, and the equally easy capture of Hainan Island.

The Japanese War Office, early in June of 1939, claimed to have occupied 976,880 square miles of Chinese territory, including all of the provinces of Chahar, Suiyuan, Hopei, Shantung, Shansi, Kiangsu and Anhui, and portions of the provinces of Honan, Chekiang, Kiangsi, Hupeh, Hunan and Kwangtung, as well as all of Hainan Island.

But the word "occupied" is an elastic term, in a military sense. In no single province that the Japanese claim to "occupy" are they actually in control of anything more than the towns and cities which their troops garrison and the connecting railways, rivers, canals and highways which their forces patrol. Japan's mandate, literally, does not run any farther into the Chinese countryside than her guns can shoot. Beyond the range of those guns Chinese regulars, guerrillas and bandits move at will about the countryside, constantly raiding and cutting Japanese lines of communication, and just as constantly being subjected to lightning retaliation raids by the Japanese or to aerial bombings from Japanese airplanes.

Although Japan has 1,000,000 soldiers on the mainland of East Asia, nearly 500,000 of the best of her army is kept immobilized in Manchoukuo because of the constant threat of a clash with Soviet Russia. Her "front line"—running from Hangchow Bay inland southward of Nanchang, then northwestward beyond Hankow, and so on northward along the western border of Shansi Province, and ending in distant

Suiyuan Province—is a little more than 3,000 miles in length. In addition, she holds a small zone around Amoy, she occupies Canton and a portion of the Pearl River delta, and also Hainan Island. Swatow and Foochow were captured in the summer of 1939.

These “occupied” areas, collectively, before the war began, contained a population of nearly 270,000,000. Fully 30,000,000 of them fled into the deep interior as the Japanese advanced, and an incalculable number have died of disease and hunger and exposure. But it is probably a conservative estimate to say that inside the so-called “occupied territory” there are today more than 230,000,000 Chinese civilians, of whom more than 99 per cent are bitterly, if secretly, anti-Japanese.

Small wonder, then, that I was told in Japan, early in June of 1939, that Japan is planning on sending another 400,000 soldiers to China during the summer and early fall, and that the War Ministry is perfecting plans for building barracks and creating drill grounds in China for the training of another additional 400,000 conscripts who will be called up as soon as these ambitious preparations have been completed.

Japan today holds all of China’s important seaports. The second-rate ports remaining in Chinese hands are all unimportant both militarily and economically. They bring China but little customs revenue, and no one of them has any railway running into the interior. These ports, which Japan could take at any time if she deemed them important enough to garrison, are now effectually blockaded by the Japanese Navy, so far as Chinese shipping is concerned, and none of

them is deep enough to accommodate anything except shallow-draught coasting vessels.

And yet, in spite of these imposing conquests by the Japanese, the end of the war seems no nearer than it was before the Japanese drove the Chinese armies from contact with Shanghai, early in November of 1937. The Chinese Government, driven from two successive capitals, has established itself in a third city, Chungking, 1,300 miles inland from the mouth of the Yangtze River. But still China will not listen to any talks of peace upon any terms that Japan might grant. And the more Japan grabs, the more she wants to keep and to hold in perpetuity.

Russia, on the north and west of the scene of conflict, waits and watches, and seemingly is grimly satisfied to see Japan bleeding herself of treasure and man power upon a hundred indecisive battlefields. Meanwhile, Russia avowedly is helping China to prolong the conflict and has announced the intention of continuing to do so.

England, the chief sufferer so far among the neutral powers, finds her interests attacked at every turn and her position in the Far East imperiled. In retaliation, she helps to finance the Chinese regime and has assisted at opening a new trade route into China's hinterland via Rangoon and Burma.

France, thoroughly alarmed at the Japanese encroachment into areas adjacent to French Indo-China, is also assisting General Chiang Kai-shek's government, and the Netherlands is not unmindful of the threat to the Dutch East Indies.

In the Philippines, the old enthusiasm for independence has diminished almost to the vanishing point, and great com-

fort has been taken from the fact that President Roosevelt has ordered the American fleet back into the Pacific earlier than was planned or expected.

Meanwhile Japanese Cabinet members and Army and Navy leaders continue to declare belligerently that "nothing" will be permitted to stand in Japan's way in the matter of achieving her aims.

What wonder, then, that there is chaos in East Asia?

2.

HOW JAPAN CARRIES ON

THERE are 193 military hospitals in Japan, with an average of a little more than 300 beds each. But the casual visitor in early June of 1939 would scarcely have guessed that the country was engaged in a long-drawn war that may reduce the Empire to poverty and to the rank of a second- or even a third-class power.

Passport officials, gendarmes and spies are a little more obtrusive and objectionable than usual. Gasoline is strictly rationed to twelve gallons a month per car—not because of any difficulty in obtaining this liquid fuel, but because of the difficulty of finding foreign exchange to pay for it. Whisky is twenty-four yen a bottle, and higher for the more choice grades. Foreign cigarettes, cigars and pipe tobaccos are almost unobtainable, even at prohibitive prices.

There is a strict ban on gaiety. Dance halls are closed, and even private dances or charity balls are forbidden. Gaiety is felt to be out of place in war times. Tokyo, a city of nearly 7,000,000 people, is dead and quiet by 10 o'clock at night.

The contrast with Shanghai is so abrupt that it is almost a shock. In Shanghai, particularly in the "Little Tokyo" section north of Soochow Creek, money flows like water. On both sides of North Szechuan Road, and on other streets, there are Japanese cafes and cabarets and dance halls and sukiyaki houses beyond counting. In Shanghai, fashionably clad Japanese dance partners are busy from seven in the evening until the curfew at one A. M. Fairly good orchestras play the latest dance tunes and expensive drinks are lavishly bought while get-rich-quick Japanese civilians and Army and Navy officers have the time of their lives. The carpet-bagging type of Japanese, greedy and intent upon making quick and easy fortunes, occupy expensive suites at foreign-style hotels. But in Tokyo, and all other Japanese cities, there is not exactly gloom but a serious and thoughtful sobriety.

Japan is not bankrupt or likely to become so at any early date. Taxes are high, the stores lack many formerly popular foreign goods, the nation's belt is being steadily and relentlessly tightened. But so far a fictitious wartime prosperity prevails. The national debt may have been increased by more than ten million yen, but postal savings also now total ten billion yen. And the average Japanese subject does not know that Japan's foreign gold reserve, which in 1925 totaled about two billion yen, is now entirely exhausted.

The drain upon the nation's man power is undeniably mak-

ing itself felt. The fact that 1,000,000 Japanese soldiers are kept upon the Asiatic mainland, and that casualties have been heavy, is bound to show in a nation of 70,000,000 people. Women, most of them sad-faced, outnumber the men on the streets nearly two to one—and most of the men seen in the cities are middle-aged or old.

There is a labor shortage. Koreans are being imported by the tens of thousands to work the coal mines of Hokkaido and other districts. Wages are sky-high. An assemblyman at an automobile plant makes as much as a Cabinet Minister.

The pinch of the unofficial American and British boycotts of Japanese-made goods is making itself felt. And the boycott is being circumvented. Nearly every ship that leaves Kobe for Shanghai carries a heavy tonnage of Japanese silk. At Shanghai it is re-baled, labeled "Made In China," and re-shipped to American or European ports.

The fact that the nation is really in dire straits so far as money and foreign exchange are concerned is clearly shown by the fact that Japan—which has always pleaded the necessity for expansion because her rocky islands could not support her population—is actually exporting food stuffs. There are only about 170,000 cattle in all of Japan, but June saw the beginning of a state-inspired plan to export butter and cheese. Eggs are now being exported, too, and have practically vanished from the national diet.

I was told of the careful budget of the family of a Japanese university professor. This man, cultured and well educated, receives a salary of only sixty yen a month. That was enough before the "incident" began in China—and at that time a

laborer earned less than one yen a day. Today some laborers earn thirty yen a day, but the professor's salary is unchanged.

This particular professor has a wife and two young children. Educational expenses for the youngsters are the first and most important item of this particular budget. Next comes the allowance for food, and here is the daily menu:

Breakfast: rice, and a piece of pickled radish.

Luncheon: a fish soup, with a piece of fish no larger than a man's finger, and some boiled cabbage or similar vegetable.

Dinner: rice, and pickled radish again.

"Yes, we can stay healthy and work on that diet," a Japanese friend told me sadly, "but our resistance is low. As a race, we die young. And the scourge of tuberculosis is greater and greater each year."

The Army is so much better fed, these days, than the civilians that Japanese informants say a marked change is noticeable in all the conscripts before they have been three months in uniform. They fill out, they broaden, their color improves, their eyes have new luster. For the conscripts get meat once each day, they are fed eggs, they are given raw fish in plenty, and they get all the nourishing soya bean curd that they can eat.

One of the most amazing things encountered in Japan is the widespread ignorance of conditions in China, of what the real issues are between Japan and the third Powers, and of real conditions in Europe.

At Kobe and at Yokohama, Japanese newspapermen, some of whom I have known since the Manchurian "incident" of

1931, swarmed aboard my ship. They bristled with questions. I told them I was not permitted to give interviews, but that I would answer any questions for their personal information. I told them of actual conditions in Shanghai, in Amoy, in North China.

"But why don't we know of these facts?" they exclaimed. "There are hundreds of Japanese newspapermen in China now; why don't they send us the truth? Even our editorial writers have never heard of the things you have just told us."

The answer is, of course, the Japanese Army censors. The folks at home are not permitted to know the truth of conditions in China. If Japanese newspaper correspondents in China try to cable facts that are unpalatable to the military, their dispatches are held up, the correspondents themselves are warned to "be good," and if they repeat their offenses they are sent home—with warnings to keep their mouths shut. And their letters are censored as strictly as are their cables.

Even by midsummer of 1939, eighteen months after the event, the Japanese public does not know that the Japanese Army eternally disgraced itself by the rape of Nanking. Vague and disturbing rumors have reached the homeland, but these rumors are generally discredited as propaganda sponsored by Chinese or by Japan's opponents amongst the third Powers. Japan is due for a painful and terrific awakening some day. One wonders what the reaction will be.

Big business in Japan knows the facts—or most of them. And big business leaders, after months of tight-lipped silence, are beginning to talk freely with foreigners, and to voice their

critical discontent with the Army-dominated government. But the masses of the people are loyal, silent, hard-working, thrifty, uncomplaining. They probably never heard of the fact that Japan once signed a solemn treaty to "respect the territorial and administrative integrity of China." They believe that the wicked Chinese unjustifiably attacked Japan. They think their Empire is engaged unselfishly upon a great crusade to "create a New Order in East Asia," and they marvel that the Chinese ungratefully refuse to co-operate. They know nothing of the cynical breaking of treaties, of the greedy creation of monopolies, of the hiring of corrupt Chinese puppets, of the fact that enormous profits are being made by Japanese-protected opium hongs, gambling dens and shameless chains of houses of prostitution.

The common people believe that the world is unjustly critical of the policies of their Empire. They are uninformed of the countless incidents when the civilian wing of their government has promised friendly nations one thing while the military has cynically and ruthlessly gone ahead and done another.

There is something almost pathetic in the constant repetition, from cultured and well-informed Japanese friends, of two difficult questions. First, they ask:

"What must we do to become a really great nation? What are our shortcomings, our main errors?"

The second question, as difficult to answer as the first, always is:

"How can we end the war? What peace terms have any real chance for success?"

I have found that the best way to begin answering the first question is to urge a genuine revival of the famous Bushido spirit, upon which their revered Emperor Meiji set such store. I point out to them that because Bushido was then still an honored moral code, the Japanese Army sent to Peking in 1900 made a cleaner record than the army of any of the other Powers that raised the siege of the Legation Quarter.

If this cautious opening proves that I have a tolerant and receptive listener, I become bolder and point out that Japan must re-establish her lost reputation, that not so many years ago her words and her treaties were considered as sound as her bonds—upon which she has never defaulted. I say that there must be an end to making promises with tongue in cheek and with no intention of carrying out those promises. Cabinet Ministers must either cease making international commitments that they know the military will not permit them to carry out, or else military dictation of ultimate policies must be checked.

There is something stubbornly obtuse about the Japanese mind. In several cases the very men who have apparently heartily agreed with all the points set forth in the foregoing paragraph have presently brought up the question of Hainan Island.

"What will be the foreign reaction," they have asked, "when it becomes known that we intend to keep Hainan?"

"But," I counter, "your Government solemnly assured the Powers, at the time of the military occupation, that Hainan will be returned to China when hostilities cease."

"Yes, yes, I know," is the nervous rejoinder. "But conditions change from day to day. We must have our own source for rubber supplies, and now we find that Hainan can be made to grow all the rubber we need. That changes everything."

After that there is nothing to do but change the subject by saying that Japan can never become a truly great nation until she introduces discipline.

Her Army, I say, is undisciplined; junior officers are often a law unto themselves. The Japanese police force operates as an independent and defiant unit, refusing direction from any other authorities. Very minor officials of all branches of the Government presume, at will, to invent their own rules and regulations, which are sprung upon a surprised and startled public without advance notice. Even within the career departments of the Cabinet Ministries, subordinates often dare to sabotage the policies and careers of their chiefs. I point out that many times a cabal of junior men has successfully carried out the equivalent to a "sit-down strike" against an unpopular Cabinet Minister, and thus forced his resignation.

Illustrative of the police, and their high-handed methods, is a case that occurred at Yokohama early in the spring of 1939.

A French traveling salesman sent a cable in French from Hongkong to the representative of his firm in Yokohama. The Yokohama police made an error in the translation of this cable, and they arrested the local French representative to whom it was addressed. They held him incommunicado,

and would not even permit him to telephone to his consul or to his family, which consists of a wife and three young children.

The morning after the Frenchman's disappearance, his worried wife went to the French Consul. He telephoned to the police, to report the disappearance, and to ask if any foreigner had been involved in any accident the night before.

"Who are you?" said a gruff police official.

"This is the French Consul speaking."

Bang! The telephone at the police headquarters was slammed down.

The Consul, then greatly worried, went to Tokyo and made a report to the Foreign Office. The Foreign Office made inquiries of the Yokohama police and was blandly told that they had no foreigner in custody and had never heard of this particular Frenchman until his Consul telephoned.

In other words, "Mind your own business."

Five days dragged by, and finally the Consul appealed to both the Ministers of War and Navy in person, and they got action. The morning of the sixth day the Frenchman was freed from solitary confinement, was given a bath and a shave and a haircut, received the personal apologies of the Ministers of War and Navy, was detained as their luncheon guest, as a special mark of favor, and was then permitted to return to his home.

The most serious phase of a case of this kind is that, under Japanese practice, neither the responsible police officials nor the incompetent translator will be either reprimanded or punished.

Another thing that I always urge upon inquirers of what Japan must do to make herself a genuinely great nation is to advise that more men connected with the Government, particularly more Army officers, should be sent abroad each year. Japanese, I point out, must inform themselves of the size of the world, of the strength and richness and power of other nations. Her leaders must disabuse themselves of the conviction that Japan is the greatest nation in the world, that the Japanese people are the most gifted, the handsomest and the ablest people inhabiting the globe.

The sad-voiced counter to this suggestion (which I know is utterly impractical in wartime) is to remind me that under present conditions Japan cannot afford to buy enough foreign exchange to send more than a handful of people abroad.

I also point out the advisability of correcting much of the false information that is included in Japan's system of education. For instance, the Japanese people have been taught to believe that most of the great modern inventions were made by Japanese. Tokyo residents will solemnly assure you that a Japanese invented the automatic opening and closing of doors on their subway trains, and that automatic elevators were also devised by a clever Japanese brain.

Nearly every nation revises history in its school textbooks to suit its own national pride and policies, but I know of no other country that teaches its people such fables about their inventive genius as does Japan. And we made a jest of China for years because the Chinese people thought all foreigners were "outer barbarians"!

The problem of replying to the wistful question of how to

end the war is much more difficult. For, frankly, there is no end in sight until the aims and tempers of the belligerents undergo some fundamental change.

Conceivably at a peace conference the future of North China might be found to be a debatable question; but certainly no peace is possible until or unless Japan is in a mood to agree to a complete military evacuation of the whole of the Yangtze Valley, of Shantung Province, of Amoy and adjacent ports, of the Canton area, and of Hainan Island. After two years of militarily successful warfare, the Japanese Army would merely snort in derision at any such proposals; but no Chinese Government could survive overnight that would even consider a peace which would leave Japanese soldiers in occupation of the areas named.

Nor will China, under present leadership, ever consider granting any kind of recognition to the puppet regimes set up in Peking and in Nanking under Japanese protection. Those regimes must go—bag, baggage and banknotes—before China will agree to stop fighting.

For Japan to get out of China, now that she is there, will be extremely difficult. The Army will not readily consent to relinquish any of the territory it has conquered. The military and the great industrialists will wish to keep a grip upon the essential iron and coal mines. The Navy will want to keep control of all harbors of strategic importance. The great cotton-mill industry will not be willing to give up its plans for controlling enormous areas of China's cotton-growing provinces. And the ordinary Japanese business man will grumble if he is bereft of his visions of growing rich from a China

market that he dreams of as dominated by Japanese-made goods.

Japanese civilians have also flocked to China by the tens of thousands since the outbreak of hostilities in the summer of 1937. In Tientsin, where there were formerly about 10,000 Japanese civilians, the number has now passed the 45,000 mark; in Shanghai the increase has been from a scant 30,000, before the war, to 42,000; in Canton, which was captured only in late October of 1938, there are now upward of 4,000 Japanese as against a resident civilian population of less than 400 before the "incident" began. Nanking, Hangchow, Amoy, Wuhu, Hankow, Kiukiang, Soochow, Anking and Nanchang have all witnessed comparable increases of resident Japanese.

These people—men, women and children—have all gone to China confident that they could make their fortunes there under the continued protection of the Japanese Army. It will require a long time, and much subtle propaganda, to convince them and the Japanese public at home that either economic, military or international political considerations will make it advisable to withdraw the Japanese Army of occupation.

An idea of the kind of a final settlement that the Japanese hope to achieve may be gained from the plans they put before Marshal Wu Pei-fu in Peking in November of 1938, when they thought they had succeeded, by a combination of arguments and coercion, in inducing the Marshal to become the titular head of a puppet "National Government of China."

Wu Pei-fu craftily led them on, until the Japanese plans were fully revealed, and then refused to assume office. That failure was so humiliating to the politico-military plotters of

the invaders that it is unkind and creates intense embarrassment to even mention the name of Wu Pei-fu within the hearing of any informed Japanese.

The plan seemed beautiful in its simplicity, and if it had been workable would have made Japan absolute overlord of most of China.

It was proposed that Marshal Wu should announce himself as the President of a new "Central Government of China," and that the leaders of the present Peking and Nanking regimes should at once declare their allegiance. He was then to make a special non-aggression treaty with Japan, to be supplemented by a military alliance in which each nation was to pledge itself to come to the aid of the other in case of threatened attack. The Marshal's government was, of course, to declare its loyal adhesion to the Tokyo-Rome-Berlin anti-Comintern axis, and equally of course was to "negotiate" a special trade treaty with Japan.

Marshal Wu insisted that if he acceded to these plans he must have his own army, and that the bulk of the Japanese forces must be withdrawn from Chinese soil; so, finally, a compromise was reached.

This compromise specified that Wu Pei-fu would be permitted to recruit an army of 100,000 men during the first year of his tenure of office, and would be permitted to add an additional 100,000 men every year for four years thereafter. But—and this was important—this so-called Chinese Army was to be armed with nothing more formidable than rifles, revolvers and bayonets. Machine guns, artillery, tanks and airplanes were to be strictly forbidden. In other words, Mar-

shal Wu was to be conceded 500,000 armed police, nothing more.

Japan, in turn, was to agree to withdraw one-fifth of her Army of occupation every year for five years, at the end of which time there were to be only five divisions of Japanese troops left in China. But these five divisions, collectively approximating 125,000 men, were to be considered a "permanent garrison" to help China protect her borders from outside invasion; and the placing of these divisions had been so carefully planned that any effective Chinese rebellion would have been practically impossible.

One division was to have been divided between Peking and Tientsin; another was to have been at Chengchow, the junction of the north-south Peking-Hankow Railway and the east-west Lunghai trunk line; a third was to have been at Hankow; a fourth at Nanking, and a fifth some place in Hunan Province—probably Changsha or Hengyang, astride the Canton-Hankow railway. With Japanese cruisers and destroyers in all coastal harbors, and Japanese gunboats on all of China's rivers, these military dispositions were considered ample to keep the country in subjection.

In the five-year interval before the withdrawal down to a minimum of five divisions was completed, the Japanese planned the construction of radiating railways and highways from each of the proposed divisional centers, in order that tanks and troops could be moved with speed to any section where rebellions or uprisings might occur.

"Of course we expect uprisings for years," one Japanese commander told me when this plan was under discussion.

And then he added, grimly, "But we are certain our airplanes can control any situation that may arise until our tanks and our troops and artillery arrive."

Here is a picture of the desired Pax Japonica. And the admitted certainty of years of uprisings and regional rebellions shows that the Japanese leaders are not deceiving themselves into believing that they can quickly secure Chinese co-operation, or that the Chinese people will ever be converted by that brand of Japanese propaganda which insists that the last two years of slaughter and destruction has been motivated solely by a desire to "make China understand and love Japan."

The detail of peace between Japan and the existing Chinese Government at Chungking was to be ignored under the abortive Wu Pei-fu proposals. Peking was supposed to devise a peace with Chungking, but Japan was to be no party to this pact beyond guaranteeing the safety and boundaries of the new coastal nation it was trying to establish.

Marshal Wu, clever plotter that he is, was evidently trying to see just how far Japan would go in the matter of concessions to "save China's face," so he insisted that if he consented to head a new government he would tolerate no Japanese advisors. The Manchoukuo Government, he said, was a parody and a joke, and his proposed China Government must have at least a semblance of autonomy and self-administration.

Surprisingly, Japan quickly relinquished her demand for advisors in all civilian branches of the proposed government set-up, but clung tenaciously to insistence that there must be

Japanese military advisors for Marshal Wu's Army. But the crafty old war lord was stubborn on that point, and in the end it was agreed that there should be no Japanese advisors of any kind for the new regime.

There was, however, to be a "Control Yuan," which would have the power of veto over all acts of any other departments of the government, and behind this "Control Yuan" was to be a small group of Japanese—observers, not advisors, it was specified. But no doubt Japan thought these "observers" would be able to dictate what was to be controlled, and how.

This scheme came to nothing. The Japanese made optimistic announcements and forecasts. Officials were sent to the city of Kaifeng to "open Marshal Wu's headquarters." But Marshal Wu never budged from the carefully guarded seclusion of his walled Peking compound.

Today the chagrined Japanese believe that all the time these protracted parleys were going on, Marshal Wu was probably in secret communication with General Chiang Kai-shek at Chungking, and that he was merely learning, on behalf of the Chungking Government, exactly what kind of a peace Japan hopes to attain.

All peace plans having thus far failed, Japan is outlining detailed regulations for a further tightening of the national belt. The Government's authority will soon be extended to the regulation of nearly all phases of private life: dictating in matters of permitted clothing, dwelling quarters, eating and even the expenditure permitted for weddings, funeral services, coming-of-age celebrations and other personal affairs.

The Japanese Army is pressing for complete invocation of

the National Mobilization Act, and in particular for enforcement of articles of that statute which empower the Government to draft Japanese subjects into any enterprises deemed necessary, to control production and distribution of essential raw materials and manufactured articles, as well as their disposition and possession, to restrict or prohibit imports and exports, to increase or decrease at will import and export taxes, and to control prices, transportation charges, working costs and storage and insurance rates.

Already the Government is enforcing clauses of the National Mobilization Act that control labor and wages, mobilize materials and goods, control capital, govern factories, prohibit expansion of business enterprises except under special licenses, and control the training of technicians and the conduct of research work.

Hereafter, it was announced on May 22nd, 1939, the people will be subject to "compulsory restraint" when it comes to indulging in luxuries, and strict control will be exercised to divert all possible materials and resources to the munitions industry, to the promotion of Japan's foreign trade, and to the expansion of productivity in order that the Empire may obtain foreign exchange with which to purchase essential war supplies. Under this plan, 120 different materials and articles will be placed under strict control and even rationing.

The Home Ministry announces that the Economic Police Force is to be expanded to 1,900 officers and men. Their mission will be "to convince the masses of the necessity for control in its bearing on the eventual success of the China In-

cident," and to investigate and punish all infringements of the new regulations. Even daily necessities, it is announced, "will be reduced to the minimum required for sustenance."

Evidently the establishment of "the New Order in East Asia" is to be a long and hungry process.

Meanwhile, the steady drain of man power to replace losses on the battlefields in China, and the fact that peasants are going from the farms to work in munitions factories in ever-increasing numbers, has created a dangerous labor shortage in many agricultural districts.

To meet this situation, the authorities are organizing labor corps of fifty men each and are sending them from village to village to help till the soil and care for and harvest the crops. The co-operation of women in heavy farm work will be sought, and higher-grade primary school children and students of secondary schools are to be pressed into service, according to an announcement made May 1st by the Minister of Agriculture, Mr. Yukio Sakurauchi.

The Minister says that already, owing to the control of iron, there is a shortage of agricultural implements, whereas the shortage of nails and wire has checked the making of boxes for the packing of fruit. The gasoline shortage is hindering the distribution of fertilizers, motors are idle because of the lack of heavy oil, and drugs can no longer be obtained for the extermination of insect pests.

In Tokyo, 25,000 boy graduates from the primary schools are being immediately drafted for work in munitions plants, and an additional 10,000 similar graduates are being taken to Tokyo from nearby country districts. These measures all

combine to make the shortage of farm labor so acute that peasants are no longer selling their "extra daughters" for terms of service in brothels. They find it more profitable to set them at men's work in the fields, for wages for farm laborers are now higher than at any time in the last fifty years. In some quarters there is discussion of bringing Chinese coolies by the thousands to work in Japan's rice fields.

How seriously the Army heads regard the situation is shown by the amended Conscription Law, which was quietly passed through the Diet in March, 1939. Under the old law, Japan's standing Army was fixed at 250,000 men, whereas the new law makes the permanent peacetime force 800,000 men and raises the reserve from 3,000,000 to 6,000,000.

Ordinarily, about 650,000 young men come up for Army examinations every year, of whom about 400,000 have hitherto been found fit for military service or the two-years of compulsory training. These 400,000, in the past, have been divided into Class I and Class II, according to physical fitness, and lots were then drawn for the 125,000 conscripted from Class I each year.

Hereafter, however, the entire 400,000 physically fit will go into the Army every year. And this number will probably be raised, for the amended law slightly relaxes the requirements as to height and perfection of eyesight.

Meanwhile, the Army's high command is taking comfort from its own not too realistic analysis of conditions in China's Armies. The Japanese Army's intelligence section in Shanghai, about mid-April, released a remarkable statement declaring that although Chinese divisions were soon to be in-

creased to 15,000 men each, that the then present strength of each division was only about 5,000 men, and that equipment was so scarce that each division had only between 2,000 and 3,000 rifles. When a strength of 15,000 men per division is reached, the Japanese said, there would be not more than 5,000 rifles for each organization of 15,000 men. "There appears to be a total lack of field or mountain guns, or artillery of any sort," this communique declared.

Foreign military experts and observers, who reached Shanghai from Chungking in May, hoot loudly at these evidences of Japanese wishful thinking and say the Chinese have an ample supply of small arms, not only for the men at the front, but for about a third of the raw conscripts undergoing primary training.

Cut off from railway transportation to any of her seaports, and relying on the long Burma-Rangoon highway on the south, and upon the Lanchow-Sinkiang-Soviet highway to the northwest for importations of arms from abroad, China is now making rifles, revolvers, trench mortars and munitions at more than one hundred small arsenals.

Reverting to the system of the old civil war days, China is manufacturing her war supplies in scores of small, widely scattered and inconspicuous plants. Realizing the folly of developing several large arsenals, which would be fine targets for Japanese airmen, the Chinese have many small plants, all hard to locate, and in most cases so unimportant individually that the destruction of any one of them would scarcely be worth the gasoline expended upon an airplane flight and the price of half a dozen Japanese aerial bombs.

And nowadays, in midsummer of 1939, prices and costs are worrying the Japanese military just as they are worrying Japanese businessmen. The weakness of Japan's financial position can no longer be ignored, and frantic efforts are being made to turn the "China Incident" into a paying proposition before the yen hits the toboggan.

Officially, the yen exchange rate is supposed to be around yen 340 to US \$100, but actually, in any Japanese seaport US \$100 can be exchanged with eager bankers or merchants for yen 370 or even 380.

But it is in the open-money market at Shanghai that the weakness of the yen is most clearly revealed. At the end of May the yen was actually cheaper in Shanghai than was the badly depreciated Chinese paper dollar. On May 27th US \$100 would buy \$617 in Chinese currency, but the yen could be bought at the rate of ninety-five cents, Chinese money—in other words, in Shanghai US \$100 would buy about yen 650, which was a vastly different value than the "official" Japanese rate of around yen 340 to US \$100.

This discrepancy in supposed and actual value of the yen has led to vast speculation and much "bootlegging" of Japanese currency from Shanghai to Nagasaki, Kobe and Yokohama. Japanese official spokesmen say the yen are cheap in Shanghai "because of an over-supply," and point out that every week thousands of Japanese civilians arrive in Shanghai with Japanese currency in their wallets. They also point out that vast Army supplies are bought and paid for with yen in the Yangtze Valley cities from Shanghai to Hankow.

The explanation does not seem very sound. No matter

how much American currency, no matter how great a quantity of British pounds arrived in Shanghai, the exchange value of those monies would not be shaken "because of an over-supply." The brutal truth is that the yen is so shaky that American and British banks in Shanghai will not accept Japanese currency, either for exchange into Chinese dollars or for deposit. And the Japanese branch banks in Shanghai will not accept their own national currency in payment for foreign exchange.

If Japan can succeed in carrying out her plans for grab in China, she may become one of the richest nations in the world within a decade, but there will be only very small profits, or no profits at all, so long as the Chinese continue their military resistance campaign, and so long as Chinese in the occupied areas persist in their passive resistance, which the Japanese bitterly term "refusal to co-operate."

Notwithstanding suave and reassuring statements from the Japanese Foreign Minister and from the Japanese Ambassador at Washington, it is perfectly evident to all third Power nationals residing in the Far East that Japan plans an exclusive and monopolistic exploitation of China's trade and resources. Certain branches of the Japanese Government make no secret of this intention.

On May 5th, for instance, it was announced at Tokyo that the Ministry of Commerce and Industry would establish the Japan, Manchoukuo and China Coal Regulation Committee, and that this organization would be "the highest coal industry control organ, designed to assist the realization of a tripartite economic bloc." This Coal Regulation Committee

will include in its membership representatives of the Japanese Ministries of War, Navy, Overseas Affairs and Industry and Commerce, and other members representing the Cabinet Planning Board, the Manchurian Affairs Board and the Asia Development Board. Several large organizations connected with the coal industry in Japan, Manchoukuo and China will be banded together under the name of the Japan, Manchoukuo and China Coal League, and will act in an advisory capacity to the central all-powerful committee.

Another evidence of the trend of affairs was the Tokyo announcement that on May 8th the Japan Chamber of Commerce and Industry had mapped out an extensive plan for "revision in Chinese Maritime Customs administrations, including the abolition of several tariff items, simplification of procedure, and a reshuffle of personnel." The plan was worked out in detail after questionnaires had been submitted to Chambers of Commerce and Industry in all the main cities in Japan, Korea and Formosa. The proposed new Customs system for China, it was announced, is based upon "consideration of the taxing capacity of the Chinese masses, facilities for economic co-operation between Japan, Manchoukuo and China, and the revenue of the new regimes in China at Peking and at Nanking."

Equally significant was a resolution adopted on May 19th at Hsinking, the capital of Manchoukuo, when the officially sponsored Japan-Manchoukuo Industrial Conference unanimously endorsed a proposition for the eradication of all customs barriers between Japan and Manchoukuo "in order to completely realize the economic unification of the two coun-

tries." The intention to ultimately include the Japanese occupied areas of China in this scheme was clearly foreshadowed when the delegates unanimously approved forming an organization "designed to control trade development in the East Asiatic countries, as a contribution to the establishment of the New Order."

The marvel is that Japan, after thus clearly revealing the scope of her monopolistic plans and ambitions, seems genuinely puzzled and is deeply resentful over the fact that the United States, Great Britain and France continue to aid the Chinese Government. Surely Japanese statesmen do not expect to be believed when they continue to reiterate that Japan has no intention of closing the "Open Door" in China and will not violate the treaty rights and privileges of the third Powers.

There is nearly always a catch in these Japanese reassurances. For instance, Baron Kiichiro Hiranuma, the Japanese Premier, addressing the Asia Development Board on April 11th, said he hoped to see the settlement of all pending problems with third Powers in China "settled fairly and with as much rapidity as possible," and then declared:

"The Japanese Government does not intend to prohibit or to restrict the economic activities of third Powers in China beyond the needs of national defence and other vital requirements."

"National defence" will cover a wide range of grabs, and what is left ungrabbed under that heading may well be classified as the "other vital requirements."

On May 8th there was held in Tokyo a conference of

all Japanese provincial governors, and on that occasion Lieutenant-General Seishiro Itagaki, the War Minister, made covert threats against the third Powers, saying:

"The stubborn resistance of the Kuomintang regime, despite a constant series of military reverses, is due to the assistance being rendered to General Chiang Kai-shek by certain third Powers. In view of this state of affairs, and also the tense international situation, Japan's national defense must be centered on continental defenses by increasing the numerical strength and shifting armaments to the continent. This will give no chance for third Powers to interfere with Japan in her execution of national policies and the construction of a New Order in East Asia."

Admiral Mitsumasa Yonai, Japan's Minister of Navy, supplemented General Itagaki's covert threats by declaring, at the same conference:

"The international situation has never been more strained or more delicate than at present. . . . Japan's efficient navy, by securing command of the seas and of the air in East Asia, has been and will be a silent but strong pressure against any attempt by pro-Chiang Kai-shek Powers to interfere with Japan's action."

In other words, if you don't like our plans, gentlemen, come and fight—come and try to throw us out by force—if you dare!

That same evening, Mr. Hachiro Arita, Japan's Foreign Minister, also addressed the provincial governors, and became somewhat mystical in the midst of his oration on this much touted "New Order in East Asia." Said he:

"By co-operating with Manchoukuo and a new China in the establishment of a New Order in East Asia, Japan believes that she is contributing towards the rehabilitation and the prosperity of East Asia as well as towards the establishment of peace in the world. The establishment of a New Order in East Asia is a historic racial mission that has been born from the great principles upon which our nation is founded."

This mission must be accomplished, the Foreign Minister continued, regardless of obstacles placed in Japan's way, and regardless of criticism leveled against Japan "by certain European and American nations." Such unfriendly comment, he declared, was based either upon coldly legal grounds, or was motivated by anxiety over the loss of rights and interests in China.

The only hopeful portent in the whole of this Far Eastern chaos is the fact that Japan has declined to join the German-Italian military alliance. This decision was reached only after a prolonged and bitter struggle that almost wrecked the Cabinet. The Army leaders and the jingoist "younger officer" group were insistent upon re-enforcing the much-vaunted anti-Comintern Axis by joining the alliance, but the Navy could see nothing but disadvantages and possible disaster by being pledged to fight Britain at Singapore in case Hitler and Mussolini become involved in a war with the European democracies. With the American Navy in the Pacific, the Admirals pointed out, Japan would be jeopardizing her very existence by such a commitment.

It is generally believed in Tokyo that the Foreign Office and "big business" finally turned the scales against having

Japan join the German-Italian military alliance. The Army believes in force, and force alone, but experts in foreign affairs and Japanese bankers and industrialists realize that Japan cannot prosper without eventual credit, and can never carry out even half her ambitious program on the Asiatic mainland without foreign loans.

Hitler and Mussolini have no money to lend, so in the end common sense, caution and avarice won the day.

3.

HOW CHINA CARRIES ON

CHINA had been preparing for several years for what seemed an inevitable clash with Japan, and along military lines had amassed reserves adequate for prolonged resistance, but the country was otherwise utterly unprepared for a long war when the undeclared hostilities broke out in July of 1937.

Militarily the history of the fighting has been an almost uninterrupted list of defeats and retirements, of lost cities and surrendered railway lines and rivers; but the Chinese soldiers have made for themselves a magnificent record for valor and patient endurance, and meanwhile the latent organizing ability of the Chinese people has been aroused and the Chinese Government, instead of being thrown into confusion by defeat after defeat, is today functioning more efficiently than in the last year of peace.

Preoccupied with building up an Army and an air force, and with composing internal political differences, the Chinese Government apparently gave no forethought to the care of its wounded and sick soldiers, in case war came, and for the first few months the almost utter lack of field hospitals, dressing stations and medical units was shocking and revolting. Again, under frightful conditions, the Chinese private soldier gave an exhibition of stoical endurance and bravery that put to shame the lack of ability and foresight of his high commanders.

But almost as soon as the war began, China found herself also confronted with an allied problem, overwhelming in its size and urgency. That second problem was the care and feeding of whole armies of homeless and usually penniless civilian refugees. Literally millions of people deserted the farms, the towns and the cities as the Japanese armies advanced, and today the best-informed authorities are agreed that 30,000,000 is an ultra-conservative estimate of the number of Chinese civilians who have been dislodged from their homes and have kept moving ever westward as the Japanese forces have pushed farther and farther inland.

This would have been a major problem for any government in the world, even in peacetime. For a government fighting for its existence, and soon dispossessed of its major seaports and driven from its capital, it was a catastrophe.

Foreign help was forthcoming, but in amounts meager in relation to the terrific human needs. By the end of the year 1938, various organizations in the United States had donated about \$775,598 in American money, which, translated into

Chinese currency at varying rates of exchange, brought in a little more than \$3,500,000. The Shanghai International Red Cross, to the end of 1938, had expended \$2,641,000 in Chinese currency. Of this total, \$1,350,000 was donated by the Chinese Government, and the remainder came from abroad, much of it from Chinese living overseas. The Lord Mayor's Fund in London raised funds that exchanged into approximately \$3,000,000 in Chinese money.

Then the Chinese Government established the Chinese National Relief Commission, which up to the end of 1938 had expended \$8,315,000, and, in addition, the Central Government has made large cash donations for civilian relief to many of the provincial governments, the total slightly exceeding \$2,400,000.

The accounts of the National Relief Commission contain horrible items. One notes \$357,000 paid to 44,050 civilians who were wounded during Japanese air raids, and an even larger item covers cash grants given to the impoverished survivors of 35,157 Chinese civilians killed by Japanese aerial bombs.

It is further to the Chinese Government's credit that it has done more than grant cash relief and give free food and shelter to millions of dispossessed civilians. Various land reclamation projects are being developed in the Far West, and large colonies of farmers are being given small farms in newly irrigated districts, while tens of thousands of men are employed upon new highway and railway building projects.

But even today, the facilities for caring for the civilian aged, sick and wounded in the interior provinces are pitifully

inadequate. The plight of penniless and dispossessed civilians who have been caught in the huge area now under Japanese military occupation is one from which the imagination shrinks. In some centers the Japanese have carried on some smallpox and anti-cholera vaccination work, and in some of the larger cities free gruel kitchens are maintained, but the death toll from starvation, and from malnutrition coupled with exposure during the winter months, must have been enormous. Everywhere there is a shortage of medicines, of trained medical men, of nurses, of hospitalization, and in many areas there is a lack of food.

No less difficult and important than the provision of relief for homeless civilians was the Chinese Government's urgent need for protecting its currency and for continuing export trade. The nation's products must somehow be sent to the world's markets if national credit was to be maintained at such a pitch that munitions and other war supplies could be purchased.

To achieve these ends, three Commissions were organized, with an initial financing, arranged through the Ministry of Finance, of \$60,000,000 in Chinese money. The Foreign Trade Commission received \$20,000,000, the Agricultural Commission was given \$30,000,000, and the Industrial and Mining Commission was financed with \$10,000,000. An additional fund of \$10,000,000 was set aside for the Central Trust of China, for underwriting war risk insurance, and to cover exceptional transportation and investment risks needed for special war purposes.

The Foreign Trade Commission supervises all public and

private business transactions with foreign countries, encourages and finances exporters, and endeavors to maintain a balance of international payments. The success of this Commission is shown by the fact that China's unfavorable balance of trade in 1938 was less than that for 1937, the figures for the two years respectively having been \$112,814,000, and \$117,750,000.

The Agricultural Commission supervises the activities of three other organizations under the Ministry of Economics; namely, the Agricultural Credit Commission, the National Agricultural Research Bureau, and the Agricultural Adjustment Administration. These bodies work to ensure that China has ample crops specially needed in time of war, make loans to farmers, open up new lands, and help to improve the qualities and yields of essential crops.

The Industrial and Mining Commission devotes particular attention to helping factories and essential industrial plants to remove from cities threatened with invasion and to re-establish their activities in the deep interior. Loans are made, and technical advice given, to companies devoted to the heavy industries, and to the development of iron mines, steel plants, chemical factories, and to mines yielding gold, silver, copper or antimony and tungsten.

Activities of this kind have brought about an astonishing development of interior provinces, which heretofore were considered too backward and too difficult of access to pay for investment. The war has accelerated the development of resources in the far interior to a degree that half a century of peace would scarcely have brought about.

The foregoing sounds like the chronicle of a development of marvelous efficiency. In reality, much that is being done is only partly efficient. Old Chinese customs die hard, even under the stress of war; corruption and nepotism continue to flourish, but in lesser degree than heretofore, and there is a noticeable growth of public condemnation of war profiteering.

There has also been a wholesale exodus from the areas of Japanese military occupation of Chinese of the educated and cultured classes. In particular, the country's most able writers and educators have gone to the backward Far West, and thirty-two colleges and universities have removed from the occupied coastal provinces into the hinterland. In many cases, thousands of students followed their universities, some of them traveling afoot as far as 1,500 miles to reach the new sites of the educational institutions of their choice. This historic trek westward into provinces, where ignorance and crude sectionalism have always prevailed, will have a profound effect upon the future of the country and the race.

The movement westward has included a majority of Chinese technical graduates of American and European universities, and these men and women are giving invaluable services to the essential reorganization of productive enterprises and to industrial development in backward areas. A measure of the importance of this new development is found in the fact that more than 350 new branch banks have been opened in the provinces still under control of the Chinese Government.

Railway building in the western provinces has lagged, but

there has been a tremendous highway development, and bus lines are now being extended into large and rich areas which before knew nothing more modern than sedan chairs, donkeys and camels.

The Yunnan-Burma highway, foreign military experts think, will in the end prove to have a sentimental value greater than its military value. They point out that much of the route is subjected to tropical downpours for about five months of each year and that there are thirteen bridges inside the Chinese border, some of which can carry a maximum of only three and a half tons; and they also say that the surfacing will not stand up under the pounding of a hundred heavily loaded motor trucks a day.

The Japanese are not worried about any large possible inflow of munitions over this 650-mile-long highway. One Army Spokesman said to this writer:

"We can patrol the whole length of the road with half a dozen airplanes every day, and little traffic will move during daylight hours. The tonnage that can come through at night will be unimportant—particularly if we blast a few craters in the roadbed every day. And by the mere law of averages our aerial bombers ought to be able to destroy a bridge every now and then—and bridge rebuilding will probably halt traffic from three to six weeks every time we score a hit."

An American observer took a slightly different, but not optimistic, view of the value of this highway, built by 150,000 coolie laborers with only primitive equipment. Said he:

"Americans think of trucking highways in the terms of wide concrete roadbeds that stand up year after year under

a constant stream of heavy, speeding trucks. This Yunnan-Burma road is not remotely like that. I believe huge five-ton trucks now speed iced mullet from Galveston to Chicago in less than 50 hours. If trucks half that size make the trip from Burma Boundary to Kunming in six days they will be lucky. And it must be remembered that Chinese are notoriously poor hands at maintaining machinery. In China today a motor truck lasts, at most, four months, and then is jacked off the road into the ditch."

At a conference at which General Chiang Kai-shek presided early in 1939, the Chinese Government decided to spend \$76,000,000 on improving and extending highway and waterway transportation facilities in the deep interior.

An allotment of \$53,000,000 was voted for the purchase of new trucks, tractors and buses, and on the reconditioning of old motor vehicles. The sum of \$13,000,000 was allocated for the repairing and reinforcing of 5,400 miles of highway in areas still free from invasion. For the opening of streams and canals, the repairing of dikes and booms, and the blasting of rocks in channels, \$5,000,000 was appropriated; and \$6,000,000 was earmarked for building a fleet of thirty-ton junks, tug boats, ferries and shallow draught ships suitable for the swift inland rivers.

China's commercial aviation has been badly crippled during the war, but there is fairly regular service maintained between the cities of the Far West. Night flights between Chungking and Hongkong serve as an outlet for important mails, and a new line has started functioning between Chungking and Rangoon.

Since the Chinese Government abandoned Nanking, in December, 1937, 2,800 miles of new telephone lines have been installed, and work is now proceeding on another 2,240 miles of new lines. Fifty specially trained repair gangs are widely scattered over the interior to repair damages caused by Japanese air raids.

All of the foregoing sounds brisk and efficient, but as a matter of fact, all's not beer and skittles in interior China. Corruption and nepotism and defeatism have not been overcome, despite the New Life Movement, General Chiang Kai-shek's lengthy lectures on "spiritual mobilization," and desperate efforts to enhance the morale of the public and of officialdom.

Money is scarce, comforts are few and luxuries are lacking in Chungking. Many of the bureaucrats sigh audibly for the lost fleshpots and "easy pickings" of the old days in Nanking. In many quarters there is war weariness and a deep despair based upon the feeling that China cannot win the war unaided and that the sympathetic democracies will remain preoccupied with European or domestic American problems for so long a time that China will bleed to death in the interval. Some, more cynical, think that the United States and Great Britain are blandly looking on while Japan exhausts her strength, and that later they will deal the Japanese a finishing blow—exactng therefor a price from China.

Since Japan has declined to join the Rome-Berlin military alliance, Chungking is becoming worried more and more about world political alignments and fears that Tokyo may eventually successfully woo the democracies.

Chungking's leaders, although most of them staunchly support the policy of indefinite resistance, are realists enough to acknowledge privately that many of the long-time factors are against China. The Chinese do not underestimate the difficulties of organizing the backward and undeveloped western provinces, and some of them fear that Japan may be able to "get things going" on a profitable basis in the occupied areas before Chungking can profitably and efficiently develop the Far West. The Japanese, they realize, have back of them their own highly developed homeland and the newly developed wealth and productivity of Manchuria, and that they now hold the richest and most developed of China's coastal provinces.

One serious factor is that the Japanese armies now control most of those provinces of China which formerly shipped rice to provinces that are not self-supporting in the matter of food. An actual food shortage impends in the far interior unless the Japanese connive at the "smuggling" of rice inland from the coastal regions; and if they do that, it means a profit for them.

The same problem exists in regard to clothing and cotton manufactures. What Chungking now calls "free China" cannot raise enough cotton for its own needs, and has not mills and machinery enough to supply even a large fraction of the cloth necessary to clothe its people. Russia sends in no cotton cloth, and although Birmingham's idle mills would no doubt be glad to meet China's need, the one channel for import of British or India-made cotton goods is the Burma-Rangoon highway, and this new road will be largely monop-

olized with transport of essential war materials and munitions.

Already much cotton cloth is reaching the far interior from Japanese mills in Shanghai, Tsingtao and Tientsin. Chinese-owned factories in Shanghai are already "secretly" shipping cotton cloth into "free China"—after arranging a pay-off with the Japanese. This also helps to give Japan the beginning of dividends on her conquest and tightens her economic grip on the country.

A letter sent to me from Szechuan about the middle of May makes the following interesting revelations concerning the economic and military situation in that vast province, which is larger than all of France and has a population variously estimated at from 40,000,000 to 60,000,000 in different Chinese governmental statistics.

"As with all wars, economic issues will finally decide this one," says the letter. "There seems little likelihood that Japan will break. This being true, it seems unlikely that China's undeveloped West can generate the power necessary to regain the whole country. International factors, however, may turn in China's favor, but of this there is no certainty.

"Meanwhile, a vicious cycle is operating in the monopoly marketing of China's major export products, such as wood, oil, tea, bristles, etc. These exports are all government monopolies. The government prints new notes (there has been inflation of half a billion dollars) to pay the peasant producers, and the government then sells the products abroad for foreign exchange, which is spent in large measure for war supplies that are blown away at the fronts.

"Intelligent observers foresee a day when, although China's foreign exchange may still be upheld by America and Eng

land, there will be a panic in the domestic currency situation. Certainly the continued paying of the ultimate producer with paper notes that must gradually come to be worth less and less as their volume is increased, must deepen the impoverishment of the producer.

"There seems to be a definite improvement in the conscription situation and in the attitude of the powerful Szechuan provincial war lords toward the Central Government. Gangs of conscripts are still being roped together when being driven to the training camps. There has been great cruelty and little intelligent discrimination in the conscription of man power here. Even in Chungking and Chengtu it is fairly common to see groups of roped men being prodded through the streets with bayonets on their way to the military headquarters. New conscripts, I am told, cannot be given any liberty during the first three to six months of their training, else they are likely to desert in spite of the threat of the death penalty for desertions.

"Incidentally, the tremendous use of man power for the army is having its effect upon the rural economy, in western China as in Japan. There is already actually a shortage of labor, even in thickly populated Szechuan. In some areas where three crops a year have always been produced, only two are produced nowadays because sufficient farm laborers are unobtainable."

Authentic and complete news from "free China" is becoming more and more difficult to transmit to the outside world. There is a strict and not too prompt or intelligent censorship of all telegrams and wireless messages sent from Chungking and all other cities in the far interior, and the outgoing mails are also subject to careful scrutiny. Official bigotry, suspiciousness, subterfuge and obscurantism are increasing stiflingly, and occasionally high-handed measures

are adopted against foreign correspondents who try to tell the whole truth to their newspapers.

In the late spring of 1939 there was one particularly notable case. A certain American correspondent sent out a too-revealing news account of the actual condition of China's air force. The American was not arrested, but his valuable Chinese assistant was thrown into military prison on a charge of espionage. All of the American's files and office records were confiscated, and military guards were put into his office and into his home. Then an order was issued for the expulsion from "free China" of this American correspondent. Diplomatic intervention brought a suspension of the deportation order, and the American correspondent was officially told he could remain in China only if he revealed all his news sources. This he refused to do, and there the case was deadlocked at the beginning of June. It will probably be settled amicably, and without publicity, but the Chinese consider they have "given a healthy warning" to all foreign correspondents and that the official strangling of unfavorable news will be easier in the future than it has been in the past.

Contrary to Japanese hopes, the flight of Wang Ching-wei from Chungking to French Indo-China, and Wang's peace proposals, have had no unsettling effect upon the Chinese Government. In fact, Wang Ching-wei's defection has probably had a salutary effect, for it was he and his followers who were largely responsible for such friction as existed between the Kuomintang Party and the Chinese Communists. Hereafter, genuine co-operation is expected to be more cordial and much more effective.

Nor has Wang Ching-wei's proposal for a virtual "peace of surrender" aroused any enthusiasm at all in the Japanese-occupied areas of China. The Japanese did not sense the fact, but Wang is no longer a popular hero and has very little public following. His was a name to conjure with so long as he was a leader of the opposition, but when he made his peace with General Chiang Kai-shek, after acting as the civilian leader of the great rebellion of 1930, and when he finally took office under General Chiang at Nanking, his power of leadership practically vanished.

If the Japanese plan or hope to have Wang Ching-wei head a puppet "Central Government of China," they will find much less public support for such a regime than they would have found could they have lured Marshal Wu Pei-fu from his retirement and induced him to become a sort of "Shadow President."

4.

"THE NEW DISORDER"

AN ANONYMOUS British wag, writing to one of the Shanghai newspapers, satirically praises Japan for her outstanding success in "creating the New Disorder in East Asia." And that, actually, is what has been happening in China during the twenty-four months of hostilities—the creation of a "new disorder" and the steady blasting away of the once firming foundations of law, order and social and economic security upon which the Chinese Government had been laboring with considerable success.

While Japanese Government leaders indulge in many fine phrases about "Creating a New Order in East Asia," there has been, in China, a progressive spreading of the gravest disorders—disorders economic, financial, social, military and political. And as yet plans for reconstruction, rehabilitation

and fundamental reorganization have progressed little beyond the stage of talk.

Of late, the more spectacular phases of warfare have been lacking. Day after day there has been a succession of dreary "contacts" with guerrillas, mopping up operations, and the almost ceaseless bombing, by Japanese airplanes, of Chinese cities and lines of communications.

Meanwhile, in the vast portion of China that is under the military occupation of Japan, little progress is being made. The Peking and Nanking "governments," which have been set up through Japanese connivance, exist only under the protection of Japanese bayonets. These puppet regimes cannot exert nor extend their feeble authority, for they command no military or political organizations of any power. The occupied areas are spotted with huge zones dominated by guerrillas or by bandits, and unless or until the Japanese army chooses to conclude "mopping up" operations in these zones, the new "governments" cannot send tax gatherers or administrators into them.

Japan's period of actual secure military occupation ranges from September, 1937, around Peking and Tientsin, from November, 1937, around Shanghai, and from October, 1938, in the Canton and Hankow areas. And yet, in none of these parts of China has normal life or normal business been permitted to resume. In most of these parts of China actual martial law is still in force, and where martial law is somewhat relaxed, there are paralyzing and crippling bureaucratic regulations in force. These regulations are nominally ordered by the "governments" in the zones concerned, but

actually, of course, they are of Japanese origin and dictation.

Part of this vast paralysis is due to the fact that Japan's military hold upon these huge areas is precarious, the towns and cities having exceedingly small garrisons, and the lines of communication being only thinly guarded and patrolled. But in the main, the business and economic paralysis is due to the fact that the Japanese lack sufficient funds for rehabilitation and reconstruction, and are so greedily determined to squeeze the last possible copper of profit from their conquest that they use many devices to bar Americans and Europeans from business or investment.

In the far interior, where the Chinese Government still wields authority, there are some successful efforts being made to balance the people's economy, but in the areas under Japanese military occupation no fundamental program for betterment is in evidence.

Japanese monopolistic activities, the presence in all markets of vast quantities of Japanese-made goods that have been imported in military transports without Customs formalities, and in North China the attempt to substitute unbacked Federal Reserve Bank currency for Chinese banknotes—these measures have combined to paralyze trade and to “freeze” money that otherwise might have come out of hiding and have sought investment.

The Japanese stubbornly continue in control not only of China's major seaports, but of her railways, her rivers and her telegraph and telephone systems. Their plea of “military necessity” and “danger from mines,” always advanced when the question of opening the Yangtze is broached, is obvi-

ously insincere. When a critic points out that the Japanese Navy has been in control of the Yangtze above Nanking and Wuhu since December, 1937, and that if they have not yet removed the mines the Navy is grossly inefficient, the Japanese squirm and attempt to evade the issue.

Conditions in Shanghai will require a chapter to themselves, for special foreign rights and areas effect the status there, but Nanking may be taken as fairly typical of interior and purely Chinese cities now under Japanese domination.

Japanese propagandists proudly claim that there are today more than 2,500 "stores" operating in the former capital, but they neglect to state that before hostilities began Nanking boasted a population of more than 1,000,000 persons, and more than 12,000 stores, shops and eating houses.

The census of January 31st, 1939, revealed operating in Nanking 176 rice shops, 173 restaurants, 150 inns and hotels, 163 tea houses, 161 grocery stores, 65 dry goods stores, 65 silk shops, 92 drug stores, 23 real estate and rental offices, 43 bath houses and 31 furniture shops.

What the statistics did not reveal is that the population of Nanking is still less than half what it was before the war, whereas the Japanese population, counting civilians only, is six times as great as it was in the summer of 1937. The streets have been cleaned of the rubbish and debris of shelling and bombing, but there has been almost no rebuilding. About one fourth of the places listed as "shops" are mere niches or corners in the ruins, often with no roof but a piece of canvas. And nearly one fifth of the civilian population is still living on alms. One foreign mission census declares that

44 per cent of the inhabitants are “destitute, and cannot survive without outside aid.”

Tersely put, Nanking today is a city of distress, misery and gloom. The “Reformed Government,” with the backing and support of the Japanese Army and Navy, had been in authority there for about one year when this was written, but the “New Order” is proving a shocking disappointment to all observers—even to the Japanese, who hoped for quick profits.

Unquestionably there has been a great and continuing deterioration of public order in and around the former Chinese capital, and conditions of travel in the surrounding districts have become more dangerous instead of becoming safer.

Although they lost most of their farm animals, most of their farming implements, and in most cases lost their homes, too, the peasants in the four counties around Nanking made an extraordinary record of achievement in the spring and summer of 1938. Men, women and children took to the fields, and a census conducted under foreign management reports that nearly 99 per cent of the arable land was put under cultivation. There was less rice than formerly, for few water buffalo survived the hostilities, and these animals are necessary for plowing; but corn and beans were widely planted.

Crops were scarcely normal, for the season was damp and without sufficient sunshine, but the farmers envisaged a profit. Their hopes, however, were soon dashed, because of the difficulties of transportation and marketing, and because of the springing up of a nefarious system of regional taxation.

One *tan* of rice, which is slightly less than three bushels,

was taxed eight times while being transported by highway from the countryside to Nanking. A similar measure of grain, sent by river or canal a distance of only twenty-five miles, was taxed six times to a total of \$6.50 to the *tan*. And then the Japanese sentries at the gates of Nanking are said to have demanded a "gift" of a portion of each load taken into the city's walls. In most cases these transit taxes and "gifts" amounted to more than 20 per cent of the value of crops raised.

It is begging the issue for Japanese apologists to say that the transit taxes are levied by "the Chinese authorities," for it is certain that Chinese authorities can neither exist nor function in or around Nanking without Japanese approval and active support.

Conditions of the kind just described show that it must be a long, long time before Japan can achieve her ultimate objective, which is to have China producing vast quantities of raw materials for Japanese-owned industries, and the Chinese toilers themselves affording a prosperous purchasing class for the cheaper Japanese goods.

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5.

IN NORTH CHINA

JAPAN has had a firm hold upon North China since September, 1937, and has had occupation of the principal cities of Shantung Province since February, 1938.

So far, there are no evidences of the carrying out of any of Tokyo's loudly vaunted plans for the betterment of the lot of the Chinese people. Such constructive enterprises as have been launched indicate only two major ambitions—freezing out of all foreign trade, and the building up of Japanese monopolies.

In furtherance of their aims, the Japanese have brought utter financial confusion into North China, by enforcing the acceptance at fictitious values of Federal Reserve Bank notes, by introducing utterly illegal trade restraints that operate only against third Power nationals, by denying freight cars to

competitors, and by forcing the puppet Provisional Government at Peking to issue edicts and create restrictions that benefit Japanese traders and cripple American and European commerce.

Before the present hostilities started, American importing and exporting firms controlled more than 60 per cent of the trade of Tientsin, which is North China's most important seaport. But under the new dispensation, during the first eleven months of 1938 Tientsin's exports to the United States aggregated only \$8,400,000, which marks a decrease of 65 per cent from similar exports in 1937. And 1937 was not a normal year, for hostilities began on July 7th, and North China was in turmoil from then on.

Discriminatory tactics are first applied more than 600 miles from the sea, at the western terminus of the Peking-Suiyuan Railway. The Japanese control this entire line, which runs through the provinces of Charhar and Suiyuan, and drains the products of Inner Mongolia to the sea. These products consist, for the most part, of wool, hides, furs, coal, iron ore and sausage casings. In 1938, Inner Mongolia's imports were valued at \$60,000,000, whereas the exports were worth \$150,000,000.

All of this trade now passes through Japanese hands. Prince Teh Wang, the Mongol puppet of the Japanese Army, who heads the Inner Mongolia Autonomous Regime, first granted monopolies to Japanese traders, then issued his own unconvertible currency, which has neither specie nor foreign reserves as backing, and finally, at Japanese dictation, instituted an exchange control forcing all shippers to handle their

paper through branches of the Yokohama Specie Bank.

The extent to which the Japanese are draining the country is shown by the case of the Peking-Suiyuan Railway, which was a Chinese Government-owned line. The railway's receipts are now a little more than \$30,000 a day, or around \$1,000,000 a month. Operating costs run about \$250,000 a month. The balance, or \$750,000, is paid to the Japanese Army, and the money vanishes.

The same sorry tale is told of that section of the Peking-Mukden Railway, lying south of the Great Wall, and running from Shanhaikwan to Peking. Receipts for this line average \$1,750,000 a month, with operation expenses averaging \$500,000. The rest goes to the Japanese Army.

Both these railways owe money to foreign bondholders, or to foreign creditors for equipment and rolling stock. China was paying interest and sinking fund charges on these debts before the war began. Since Japan has controlled both lines, no provision has been made to protect foreign creditors.

Because of Japan's military needs, the Peking puppet regime has proclaimed an embargo against the export of wool, hides and leather, which has cut heavily into American business. The Peking regime has further hampered American trade by ordering that exporters of raw cotton must obtain special permits from the Provincial Government, but even these permits are of little use, because the Japanese military habitually deny rail freight facilities to non-Japanese shippers. This keeps the cotton available for Japanese-owned mills in Tientsin and in Tsingtao.

It is true, of course, that freight traffic is generally handi-

capped by a shortage of rolling stock. The destruction of railway cars by aerial bombing, by dynamiting and by fire has been enormous, and when the Chinese armies withdrew from North China they took with them all the rolling stock they could move. The South Manchuria Railway has sent thousands of freight cars and hundreds of locomotives to North China, but can no longer drain its own system.

It is significant that American manufacturers of railway equipment late in 1938 refused to sell cars to the South Manchuria Railway on credit. The projected order totaled about \$11,500,000 in American money, but was refused even under guarantee by the Yokohama Specie Bank. This is the first known occasion in more than a quarter of a century that the South Manchuria Railway has been denied credit abroad. An attempt was made to close the deal on a barter basis, accepting soya bean oil in payment, but the Japanese Army blocked the deal. They wanted foreign exchange for the bean oil, in order to enlarge Army purchases abroad.

The following straws show which way the wind is blowing in North China:

Since the first of June of 1938, month by month, of the total foreign trade of North China the Japanese Empire supplied nearly 80 per cent of all imports, and Japan took slightly more than 70 per cent of all exports.

Exclusive Japanese buying agencies are being organized all through the Japanese-controlled areas of Hopei, Shantung, Shansi, Chahar and Suiyuan Provinces.

An American tobacco company, which has operated in

Shantung for many years, is now denied the privilege of buying leaf tobacco in the interior and is steadfastly refused permission to export several million pounds of leaf it has stored at Tsingtao.

During November, 1938, vessels entering and clearing from Tientsin totaled 548, with an aggregate of 317,000 gross tons. Of these totals, 340 were Japanese ships, aggregating 191,000 tons.

Japanese are organizing the "National Match Sales Corporation," under charter from the Peking regime. Existing plants, non-Japanese owned, are to be subjected to heavy taxation and to limitation of output, according to special decrees.

The Manchuria Tobacco Company is building a huge factory in Peking, and already non-Japanese brands of cigarettes are subjected to discriminatory taxation all through Inner Mongolia.

The Tsingtao restrictions upon non-Japanese trade became so severe that third Power firms began diverting Shantung freight and products to Chefoo and Weihaiwei. Then the Japanese decided to extend the Tsingtao system to both these ports.

Hereafter, at Chefoo and at Weihaiwei shippers handling either import or export cargoes must obtain permits from the newly created "Vessels Federation Bureau," which charges fees varying from $\frac{1}{2}$ to 1 per cent of the value of each shipment. Moreover, all shipping documents must be certified only by the Yokohama Specie Bank or the Federal Reserve

Bank (a creation of the new Peking regime). If cargo is handled in any other manner, the Japanese will not permit landing or shipment of goods.

But the principal iniquity of the new regulations is that all exchange must be figured at fictitious rates—namely, the Federal Reserve Bank notes at 28½ American cents or 1 shilling two pence on London. On Shanghai the ratio is \$650 Federal Reserve Bank notes to \$1,000 in Chinese currency.

On the open market, however, up to early June, \$1,200 Federal Reserve Bank notes could be bought for \$1,000 in Chinese currency, and in relation to the American dollar and the British pound these Federal Reserve bills could be bought for around 14 cents or 6 pence.

In other words, Chefoo prices will have to be raised about 40 per cent under these artificial rates. This means the cessation of foreign trade in Chefoo and Weihaiwei. And Shantung Province, with about 35,000,000 population, will be forcibly annexed to the "yen bloc" area that Japan is steadily expanding in East Asia. Further trade disabilities are the facts that all cables, telegrams and letters are handled by Japanese censors, who sometimes detain letters as long as a fortnight.

Peking and Tientsin already have the cable, telegraph and postal censors. If the shipping permit system and the artificial exchange control plans are extended to these cities, foreign trade will be almost ended in all of North China.

It was the Japanese Army that insisted upon launching the Federal Reserve Bank in North China, and it is known that the move was made in spite of advice and warnings

against such a scheme from the big bankers of Japan. This bank was launched without any tangible assets except a nominal "loan" of 100,000,000 yen from Japanese banks—but it was mutually understood that this credit must not be touched. The notes, therefore, had no actual backing, and have never been convertible into foreign exchange. The original plan was to seize about \$60,000,000 in silver in the vaults of Chinese banks in the foreign concessions at Tientsin, but so far the foreign authorities have not permitted such a move.

Frustrated in this plan, the Federal Reserve Bank then began to force Chinese all over North China to exchange Chinese currency for Federal Reserve notes at par. The intention was to sell the Chinese currency, and thus build up a foreign reserve fund for the Federal Reserve Bank and at the same time deplete China's specie and credit reserves abroad. But the Chinese Government, then at Hankow, blocked this obvious scheme by restricting exchange dealings and making only weekly allotments, after carefully scrutinizing all requests for purchases of foreign drafts.

Actually, in the summer of 1939, Chinese currency was demanding a premium in North China, although the Peking regime "decreed" that it must be exchanged at a discount of 40 per cent for Federal Reserve notes.

The devaluation of the Chinese dollar down to an exchange level of approximately 16 US cents, or 8 pence, created a major difficulty for Japan. Before that time the Japanese yen, the Manchoukuo yuen, the Chinese dollar and the Federal Reserve Bank notes all ranged between \$3.25 and

\$3.40 to \$1 American money. After the Chinese dollar was permitted to take its downward slide, the yen, the Manchoukuo yuen and the Federal Reserve Bank notes also slid—to almost the same level.

In June of 1939 the absurdity existed that in North China US \$100 would bring around \$720 in Federal Reserve Bank notes and in Manchoukuo money, and also around 650 yen. The same situation existed around Shanghai, whereas in Japan proper, and in Manchoukuo (and now in Shantung) the artificial rate of around \$340 was maintained. This resulted in "bootlegging" enormous quantities of Japanese and Manchoukuo currency, bought in North China or in Shanghai at the cheap rate, then taken to Manchuria or to Japan for purchases. The bootleggers make a profit of around 80 per cent above their steamer fares.

Thus far the only major benefit that has accrued to North China as a result of the undeclared war is a great extension of highways. True, they were built for strategic purposes, but already bus lines are operating widely over areas that before enjoyed only primitive forms of transportation. But, of course, the Japanese own the bus lines. And therefore the Chinese guerrillas subject them to frequent attacks, as they do the railways. However, in the long run, those roads will prove to be a boon to the people of North China.

The Japanese are making slow and costly progress in their campaign to wipe out the Chinese guerrillas. And it is equally true that the general ineffectiveness of the guerrilla campaign has been a bitter disappointment to Chinese patriots and supporters. Too often the guerrilla bands evince a total lack

of team work, and many large bands have openly taken to banditry and to plundering their own countrymen.

In the main, the guerrilla bands are cut off from the area controlled by the Chinese Government. This fact forces them to live off of the country, and the country has little surplus. Forced contributions of food, fuel and animals make the peasants resentful. The Japanese hope that, in the end, this resentment will reach such a pitch that the Chinese masses in general will welcome Japanese military occupation, if only as a protection against the exactions and depredations of Chinese guerrillas and bandits.

Today, however, Japanese authority (and the authority of their puppet Provisional Government in Peking) extends no further than the range of Japanese rifles and machine guns. And those rifles and machine guns are found in important numbers only in the larger towns and along the vital lanes of communications.

The Japanese blockade of the British and French Concessions at Tientsin, begun on June 14th, was a direct outgrowth of spreading lawlessness in North China. Unquestionably, all foreign Concession and Settlement areas in China have been havens and shelters for anti-Japanese conspirators. How far Britain's agreement to allow for Japan's "special requirements" in occupied areas will change this situation is problematical. Even if the Japanese gain nothing tangible from the Tokyo parleys over the Tientsin blockade, they have gained the great intangible of damaging British prestige, and the prestige of all white men in East Asia.

When the Japanese captured Peking, in the autumn of

1937, Japanese diplomatic and even army leaders declared the soundest of intentions toward the fascinating ex-capital of China.

"We don't want to spoil Peking, and will not change life there or the appearance of the city in any way," a Japanese Consul-General assured me. "Except for restoring some of the temples and palaces and historical monuments that have slowly been going to ruin, we want to leave Peking untouched. We have even decided to prevent the appearance of the modern-type Japanese shops on Peking's picturesque old streets, and have decided to restrict all Japanese trade to a single area in the southeastern portion of the city, outside the Tartar Wall."

Good intentions, but carried out only insofar as restoring some of the palaces, temples and monuments is concerned. Tawdry looking little Japanese shops, selling cheap stuff, are crowding most of the business streets. Japanese bars, brothels, cabarets and gambling houses are filling many of the one-time delightful residence hutungs east of Hatamen Street. Neon lights blaze down these hutungs, and day and night surly and drunken Japanese uniformed men lurch from doorway to doorway. Korean prostitutes are being brought to Peking in ever-increasing numbers.

Many people think Peking is the most charming city in the world. Many foreigners with ample incomes in foreign money have elected to retire to Peking and had planned to spend the rest of their lives there. But now many of these people are going away, back to the United States, back to Europe, to Canada, to Australia. Life in Peking has not only

lost much of its charm, but the Japanese are rapidly making life there intolerable.

A special police force of White Russians, some of them from the dubious fringe of the inter-racial underworld of Peking and Tientsin, has been organized and given great powers. They occasionally search the homes of foreigners and stop foreign men and women on the streets and search their persons. When a foreigner claims the exemption of extraterritoriality, he is apt to be laughed at and told insolently that "Extraterritoriality is no good here any more, except when a case actually gets in to court."

On the inner gates of all compounds where foreigners make their homes must now be posted passport photographs of all the residents, and of all servants or employees. The photographs, and the residents, are subject to frequent investigation and check.

One curious ruling is to the effect that a woman may not rank as the head of a household. I know of the case of one American widow living in her own home in Peking who has had to register her No. 1 houseboy as the head of her house, in order to comply with this regulation.

The servants of foreigners are stopped and searched on the streets and are frequently beaten. When the Japanese were trying their disastrous venture of seeking to oust all Chinese money from North China, and to foist unbacked Federal Reserve notes upon the populace, servants of foreigners were stopped and searched, and all Chinese money on their persons was confiscated without any compensation whatever. Even Chinese employees of the foreign embassies were

stopped and searched for money when entering or leaving the Legation Quarter.

Special police passport visas are now demanded of all foreigners traveling between Peking and Tientsin—cities only eighty-eight miles apart by rail.

Late in the spring of 1939 a new system of military passes was devised. Foreigners wishing to go outside Peking's walls to ride horseback, to play golf at Pao Pa Shan, to visit the Summer Palace, or to go to their temples or cottages in the Western Hills were told they would have to secure special military passes or they could not go through the gates. Moreover, these passes must be renewed every month.

One result of all these foolish and annoying actions and restrictions is that Japan is losing irrevocably much of that precious foreign exchange which she needs so much.

Peking has been a delightful haven for retired couples or persons of moderate means. Writers and artists have flocked there. On an income which in New York or any other large American city would restrict life to a two-room and bath apartment, without any servants, a foreigner has been able to live in a modernized Chinese house, temple or palace, with many courtyards and half a dozen servants. More and more of these people are now packing up and regretfully leaving Peking forever.

No, this fabled New Order in East Asia has not been kind to old Peking.

6.

IN INNER MONGOLIA

IN CHARHAR and Suiyuan Provinces, north and northwest of Peking, which two provinces together comprise Inner Mongolia, the Japanese have so completely consolidated their control that both Chinese and foreigners now find it impossible to do any business there except under restrictions that make all transactions unprofitable.

This is the vast and relatively sparsely settled area into which the Japanese Army had been trying unsuccessfully to penetrate for several years before the present major hostilities started. Several times they engaged in actual open hostilities there, using their own troops, Manchoukuo forces, and later a triple combination including the militarily useless army of their puppet Mongol leader, Prince Teh Wang.

Inner Mongolia in the hands of China, with the Chinese

Communist armies located in nearby northern Shansi Province, and with Russian armies and airplanes just over the border in Outer Mongolia, has since 1931 been regarded by Japan as a threat to her position in Manchoukuo. In fact, as long ago as December, 1931, in Mukden, General Honjo, then commander in chief of all Japanese forces in Manchuria, marched dramatically up to a big map on the wall of his office, traced the Peking-Suiyuan Railway line with his finger, and declared: "The safety of our Empire demands that we attain complete control of this railway from end to end."

The railway in question runs more than 600 miles into Inner Mongolia, starting at Peking and trending north and northwest through Kalgan and Kweihua, and ending at Paotow, which is deep in Suiyuan Province. Japanese strategists have always considered this railway as a "dagger" pointed from Soviet Outer Mongolia to the Gulf of Chihli, and therefore as a menace to their great seaport of Dairen, and as a possible route by which Russia might some day seek to realize the cherished dream of the days of Czars of attaining an ice-free port on the Pacific.

Today the Japanese hold that entire railway system. Their troops are billeted in all the towns and cities along the route, and Inner Mongolia is, as one highly placed Japanese phrased it, "one particular piece of territory that we'll never give up, even if by any chance we should lose the war."

Paotow and Kweihua for centuries depended for their prosperity upon the camel caravan trade with the Far West. To those cities came annually tens of thousands of camels, laden with the products of the distant provinces of Kansu and Sin-

kiang, or Chinese Turkestan. Furs, hides, wools, jades, opium and other cargoes valuable and precious came across the desert trails, the camels plodding day after day at an unhurried and unvariable pace of two and a half miles an hour. These caravan routes dated back before Genghis Khan. To-day they are unused, except for military supplies, and no caravans reach the railhead at Paotow, for the Chinese front lines are only a few miles to the westward of that railway terminus.

Before the beginning of this widely advertised "New Order in East Asia," Chinese traders and buyers used to make the rounds of the Mongol encampments, selling imported goods and purchasing the products of the region.

Today the whole immense Mongolian plateau, from immediately north of the guarded railway zone to the borders of Outer Mongolia, swarms with bandits and with Chinese guerrillas. Consequently, trade is at a standstill, many pasture areas used by the Mongol flocks and herds for centuries are abandoned, the farming districts have been ravaged, and scores of villages are entirely deserted. During the first year of Japanese military occupation the Mongols themselves sometimes brought their products to the railway towns, but this practice has almost ceased because now they are forced to sell at officially fixed prices, and also to accept depreciated currency. Apparently most of the Mongol population has turned entirely nomad again, and drifted westward into Kansu and Sinkiang or into Kokonor.

Today all export business from Inner Mongolia must pass through the hands of the Meng Chiang Kung Ssu, which is

nominally a combine of six Chinese business firms, but is really an officially controlled Japanese monopoly. This company has absolute control over all exports, which before the war averaged about \$145,000,000 annually in Chinese money—worth then about US \$43,000,000.

Now no one not a Japanese may purchase any of the usual exports except by special license, and a special license is difficult to obtain and good for only a fortnight. One group of Germans went to Kweihua in April of 1939, but went back to Shanghai in very disgruntled mood. The Japanese had permitted them to purchase only a small fraction of their requirements, though they held several permits.

"Of what use, this axis business?" they asked angrily.

Foreigners are no longer permitted to take up residence in Inner Mongolia, whether businessmen or missionaries, without another kind of special permit, and these are becoming increasingly difficult to obtain.

Prices of nearly everything have nearly doubled since the Japanese set up the "Autonomous Inner Mongolian Government," for no one has any faith in the new Meng-Chiang bank notes, which have no tangible backing. These notes are at heavy discount to the Chinese national currency, in spite of exchange restrictions, and in spite of the fact that all export transactions must be handled through the new official Japanese-controlled state bank.

Opium poppy planting, which was almost eradicated under the Nanking Government, has been revived upon a gigantic scale under Japanese domination. In some areas it

is now compulsory to grow poppies on one acre out of every ten put to crops.

Politically the tension is great. Admittedly the Mongols had many just grievances against the Chinese Government, which had broken many of its promises, but now the Mongol Princes are completely under the domination of their Japanese "advisors," or else are forced to take orders from the Army Special Service Section. They are said to feel their position keenly, but are entirely helpless.

The few thousand Mongol troops the so-called autonomous regime has been allowed to muster, under the high-sounding name of the Army of Inner Mongolia, are ill equipped, badly disciplined and useless. The Japanese have found that these Mongols will not fight against the Chinese, and as a result of an undermanning of the Japanese railway guards, the Chinese regulars and guerrillas often raid and damage the line, and frequently carry sorties to within sight of the walls of Paotow.

With the large exodus of the Mongol tribes from Inner Mongolia, the civilian population is now about 90 per cent Chinese, and a vast majority of them are deeply but passively hostile to the Japanese invaders. Of development or rehabilitation there are no signs, except in the vicinity of the huge iron ore deposits in Charhar and around the few commercial coal properties.

The border between Inner and Outer Mongolia is closed, and neither Mongols nor Chinese may pass. This condition, and the cutting off of all caravan routes to the west, has re-

sulted in further business stagnation, and railway traffic, inbound from the coast, consists almost exclusively of Japanese Army supplies and Japanese-made goods.

There are recurrent rumors that the Japanese may soon openly oust Prince Teh Wang and his associates of the so-called autonomous regime and engineer the annexation of Inner Mongolia to Manchoukuo. This would be a logical political step, for there are nearly 1,000,000 Inner Mongols in Jehol and in western Manchoukuo.

Tension is further increased by recurrent reports of armed clashes between the Japanese and the Outer Mongolian and Russian forces along the Manchoukuo borders north of Jehol. Inner Mongolia will be one of the principal battle grounds if another Russo-Japanese war is fought, for by use of the Peking-Suiyuan Railway Japan could attack Outer Mongolia's southern borders far to the westward of the Hailar-Manchouli regions of Manchoukuo.

Short of Japan being defeated in such a war, the people of Inner Mongolia see no prospects of being freed from Japanese domination for many years to come.

7.

SHANGHAI, AFTER TWO YEARS

ONCE famous as "The Paris of The Far East," Shanghai is now a congested, dirty city, with crime appallingly on the increase, with ruin facing many of the foreign enterprises, and with political and economic uncertainties retarding initiative.

The foreign areas—namely, the International Settlement and the French Concession—came through the unique experience of being a neutral zone in the center of a gigantic battlefield. Today they comprise a neutral area, and a foreign controlled base, in a vast area where martial law is in effect, and where an alien army of occupation is fostering and cooperating with unscrupulous attempts to create monopolistic positions for the invaders.

Because of inefficient and corrupt administration in the areas outside the foreign settlements, the safety of pedes-

trians and motorists cannot be reasonably assured even a few miles away from the business center of the city, once the sun has set.

Armed crime, political assassinations, and robbery with violence have become shockingly everyday affairs. The Japanese Consul-General has made many formal calls upon the heads of the administrations of the International Settlement and the French Concession, and entered vigorous official protests against the numbers of political assassinations and assaults directed against Chinese who are co-operating politically with the Japanese.

In reply, the Consul-General was told in unvarnished terms that the police of the foreign administered areas were doing their best, but that they could not effectually curb terrorism and crime unless the Japanese authorities co-operate in cleaning up the areas adjoining the Settlement and the Concession.

Immediately surrounding the foreign area, it was pointed out, there exist more than twenty known open gambling dens, and no less than eighteen protected opium hongs. These establishments, as well as many houses of prostitution, exist under the protection of the Japanese military authorities and pay tribute to the Japanese-created "Reformed" Government. Policing in these outside areas is both inefficient and corrupt. Criminal gangs make these outside areas their headquarters, and make repeated forays into the Settlement and Concession, the police of which cannot pursue them outside the foreign boundaries.

In addition to this crime problem, Shanghai still has to care for nearly 200,000 destitute war refugees; and because

the Japanese military persist in maintaining "closed areas" all around the Settlement and Concession, the foreign controlled areas are additionally overcrowded with hundreds of thousands of war refugees who have money of their own or have obtained employment.

This overcrowding has resulted in increased rentals and in a shortage of housing and office space, and has thereby brought on a period of rushed jerry building, which stimulates an unreal prosperity. The curious situation exists that whereas the building trades are all working overtime, the values of real estate, nevertheless, continue to fall. This anomaly arises because of the certainty that when the "closed" areas are finally reopened to residence and to business, there will be a vast exodus of tenants from the present overcrowded high-rental sections.

Undeniably Shanghai in the spring of 1939 was basically more prosperous than it was a year before, and this recovery is due to the same causes that helped to make it the greatest and richest city in China. Foreign government and foreign protection have continued in the Settlement and in the Concession, and as the tide of Japanese invasion has washed farther and farther inland, more and more Chinese with wealth have gone to Shanghai for the sake of security. They have brought at least a portion of their wealth with them, and have sought investment.

This situation has resulted in the springing up of many small new industries in Shanghai. Most of the larger industrial plants were bombed, shelled or burned during the hostilities, but the number of small new plants has been so large that

industrial employment at the end of 1938 reached a total of 237,000, which marks an actual increase of 37,000 from the last official peacetime census taken at the close of 1935. At the close of 1937, just after the lines of battle had moved away from Shanghai, industrial employment was down to the low ebb of 27,000.

But here again, figures give a fictitious picture of prosperity. Actually in March, 1939, it cost \$1.47 to buy what could be bought for \$1.00 just before hostilities began in August, 1937. In other words, the 1939 wage dollar was worth only 68 cents, and wages have not gone up.

The shipbuilding, machinery and printing industries pay the best wages, and they average only ten cents an hour for an eleven-hour day. In American money, at exchange of \$6.25 in Shanghai money to \$1 in American money, this means a wage of 1.6 American cents an hour.

At the bottom of the wage-earning scale come the workers in the cotton mills and in the silk-reeling plants. They get three or four cents an hour—Chinese money. Employment is not steady. An official investigation in January, 1939, revealed that in the better paid industries workers ranged from \$23.08 to \$47.63 a month, whereas in the cotton and silk mills the range was from \$6.31 to \$11.39 per month, Chinese money.

Real wages show a shocking decline. Early in 1937 the real wage in Shanghai was rated at 103.96, but then came a sharp decline in earnings and an even sharper rise in the living-cost index. This resulted in a drop of the real wage to 81.27. In 1938, earnings improved a trifle, but living costs mounted

higher, the increase being from 106.27 to 137.51 per cent. This jump in living costs dropped the real-wage index down to 62.81 in comparison to 103.96 in 1937 just before hostilities began.

There seems to be only a remote chance of any early improvement in basic conditions. Guerrilla activities on land and increasing banditry militate against any real revival of trade with the hinterland, and it was Shanghai's rich hinterland that made it a great and thriving city. Moreover, banditry is on the increase, and piracies occur several times a week even in the Yangtze delta only a score of miles below Shanghai, despite the constant patrolling by Japanese naval craft.

The "new disorder" that Japan has created in East Asia is seemingly spreading and intensifying. Since September, 1938, sales of such staples as kerosene, candles, cigarettes and flour in the counties immediately tributary to Shanghai have shown a steady monthly decrease. And the indications are that in 1939 the area planted to crops in the Lower Yangtze Valley will be considerably less than that planted in 1938. This decrease in crop area is due to the fact that last season's harvests brought the peasants almost no returns, and in many districts the farmers are planting only enough for their own annual needs.

Officially, according to Customs figures, Shanghai's foreign trade declined by 46 per cent from that of the last normal year before the outbreak of hostilities. Imports fell off by 47 per cent, and the decline in exports was 45 per cent. But unquestionably there has been a vast amount of smuggling of Japanese goods, not only into the Shanghai area it-

self, but to Nanking, Wuhu, Anking, and—since October, 1938, when the Japanese captured the Wuhan area—to Hankow and intermediate ports on the Yangtze River.

Official spokesmen of the Japanese Navy guardedly admit that transports carry materials and supplies for "rehabilitation projects," declaring that the development of such projects is "essential to the ultimate defeat of the Chiang Kai-shek regime." They also admit that Japanese transports returning to Japan take grain, coal, iron ore, scrap iron, bristles "and other raw materials that are eventually manufactured into war necessities." This large and growing trade, of course, does not show in Chinese Maritime Customs tables.

Shanghai's future, of course, depends upon the outcome of the undeclared war between Japan and China. If the struggle should result in a stalemate, Shanghai might not regain for many decades the position of being the gateway to and outlet for China's great West. If the Chinese Government can hold the West, the vast products of those regions, and the imports thereto, will seek new trade routes.

If Japan wins a clean-cut victory, the future prospects are even more disturbing. Tokyo statesmen have openly declared that "all the Settlements and Concessions must be returned to China," and that Japan "will assist China in abolishing extraterritoriality."

A victory for Japan will inevitably mean the creation of a puppet regime that, at Tokyo's bidding, will manipulate tariffs and trade regulations in such a fashion as to give Japan a monopolistic position in the Chinese markets.

The surrender of Settlement and Concessions would mean

that the areas now enjoying foreign administration would be administered by Chinese doing the bidding of Japanese advisers. And the abolition of extraterritoriality would mean that all foreign business in China would have to be conducted under Chinese laws framed by Japanese, and that these laws would be administered by Chinese courts doing the bidding of Japanese behind-the-scene advisers and observers.

Under these uncertainties the former "Paris of The Far East" has lost what little physical attractiveness it ever possessed, and has no longer the heart even to be frivolous.

8.

SHANGHAI'S FUTURE

THE TREND of events in and immediately around Shanghai may safely be taken as indicative of what is in store for all of China if or when Japan wins a decisive military victory, and that trend portends absolute Japanese economic, financial and political domination backed up by overwhelming displays of military and naval forces.

One important exception must be made to the foregoing very sweeping statement, and that is: In Shanghai, Japan is somewhat deterred by the existence of two large foreign administered areas, and by the existence of important foreign rights. In Shanghai, therefore, both the foreigners and the Chinese are having a breathing spell not accorded to them elsewhere in the occupied territories, and in Shanghai very much under the watchful eyes of scores of foreign diplomatic,

naval and military officials, Japan is, to some extent, upon good behavior. In inland China, away from foreign eyes and distant from foreign areas of control, conditions are at least twice as bad as they are in China's great seaport.

In November, 1937, after three months of bitter fighting in and around the city, the last of the Chinese armies was driven away from any point of immediate contact with Shanghai. But even in the early summer of 1939, and with the major battle lines from 400 to 600 miles distant in the interior of the country, Japan pleads "military necessity" as the excuse for continuing restrictions that serve no military purpose at all, but which are effectually killing third Power trade, and which help to further mulct and cow the Chinese.

And not content with what she has, Japan continuously exerts pressure to obtain an ever-greater measure of control. Already Japan (or her puppet and corrupt Nanking Reformed Government) controls the Maritime Customs, all collections from which go into a Japanese bank. Already by similar indirect means she controls the radio, the posts, the repaired railways and telephone and telegraph lines, and maintains Japanese censors in the foreign cable offices. But this is not enough.

As an example of the acquisitive restlessness of Japan's policy, there is the vexed question of the Land Office records for all of Shanghai and certain adjoining areas, which were previously administered by the Chinese city government of Greater Shanghai.

These records, which establish ownership of every parcel of real estate in a large area, were brought into the Interna-

tional Settlement in October, 1937, just before the Chinese evacuated Chapei, and they were entrusted for safekeeping to the Shanghai Municipal Council. The Japanese Army and the Japanese consular officials have demanded the surrender of these Land Office records, but the demand has been refused. The Japanese then appealed to the Consular Body of Shanghai, which is a higher authority than the Settlement's Municipal Council, but the reply was brusque and brief and to the point. It said, in effect:

"These records will not be surrendered to any newly organized regime until you can show us a new Greater Shanghai city government that has both responsibility and respectability. The present Ta Tao regime has neither."

The Japanese want to get their hands upon these Land Office records in order that they can have their Nanking puppet regime confiscate all the lands belonging to those Chinese who are still loyal to General Chiang Kai-shek's government.

Control of the Chinese lower and District Courts, which operate in both the International Settlement and in the French Concession in Shanghai, present another problem of extreme gravity. Headquarters of these courts happen to be located in the American and in the British defense sectors, which fact has prevented the Japanese military from effecting a forcible seizure of the buildings and records and from ousting the present Chinese judges and their staffs.

These judges and staffs were, of course, originally appointed by the Chinese Government when the national

capital was at Nanking, and they enforce the statutes of the government controlled by General Kai-shek.

The Japanese contend that it is an outrage to have the courts of Shanghai controlled by a government that has suffered disastrous military defeat and which has been driven far into the interior of the country. They, and their so-called Nanking Reformed Government control 600 miles of the Yangtsze Valley, they say, and therefore the Chinese courts in the foreign areas of Shanghai should be controlled by the new Nanking regime.

To this the administrators of the foreign controlled areas replied, in effect, that the third Powers controlling these foreign areas hold them by treaty agreement with Chiang Kai-shek's formally recognized government, and that it would be absurd and unjust to permit these courts to be controlled by a new and corrupt Nanking regime to which not even Japan, its creator, has granted formal diplomatic recognition.

The foreign and Chinese-owned banks in the International Settlement and in the French Concession present still another problem. Japan would like few things better than to be able to grab the collectively very large deposits held by those banks for the accounts of officials and supporters of the Chinese Government, besides the enormous quantities of silver and gold bullion left for safekeeping with those institutions. At interior points, where no foreign concession areas exist, such confiscation was carried out long ago.

Japan will scarcely dare to attempt the taking over of the French Concession, but she already has a strong position in

the International Settlement, and it is a certainty that she will attempt to enlarge her hold.

The International Settlement is administered by a Municipal Council, and votes for the members thereof are based upon property qualifications or rental outlays. By common consent for many years there have been five British members, two Americans, and two Japanese. This proportion was held to fairly represent the vested interests of the three nationalities. In addition, of late years, there have been five Chinese Councilmen, chosen by a group of Chinese associations.

The Japanese are now claiming that their greatly enlarged "stake" in Shanghai entitles them to more Council members. Before the outbreak of hostilities, they say, there were only about 29,000 Japanese civilians residing in Shanghai, whereas now north of Soochow Creek alone there are 42,000, and more are arriving daily. They have actually proposed, unofficially, that one American and one British member should retire, and thus make the composition of the Council four Britons, four Japanese, and one American. Of course, the proposal was given no serious consideration.

Eventually, of course, the Japanese hope to obtain some sort of control over the nominations of the five Chinese members. If ever they succeed in putting five of their Chinese puppets into the Municipal Council, it will mean that Japan will become the real ruler of the International Settlement.

For the first year after the outbreak of the present hostilities, Japanese property owners and residents of the Hongkew and Yangtszepoo areas, which continue under Japanese military control, refused to pay any municipal taxes. Later, how-

ever, the Japanese Consul-General ordered all his nationals to pay up all arrears and current tax charges. This was done, because if the taxes are not paid, the individuals concerned cannot vote at the Municipal elections.

Foiled at many points by stoutly defended third Power rights and interests in Shanghai, the Japanese retaliate by intensifying their obstructionism and by deliberate frustration of all attempts by third Power nationals to regain any rights of travel, residence or trade in the areas tributary to Shanghai.

A particularly flagrant instance of this policy of obstructionism is the Japanese refusal to permit a resumption of dredging operations in the river by the Whangpoo Conservancy Board. Shanghai is built upon the shores of the Whangpoo, which is a wide tidal river carrying enormous quantities of silt and refuse. Not only the bar at the river's mouth, but the winding channel from Shanghai to confluence with the Yangtze at the sea, needs continuous dredging in order to keep the channel safely navigable for large ocean-going vessels. But dredging operations have now been suspended since August, 1937, and the Japanese refuse to permit a resumption of this work on the specious plea of "naval necessities."

It is noteworthy, however, that the Japanese are spending immense amounts of money on the construction of wharves, docks and warehouses downriver near Woosung. Some quarters conjecture that they plan to choke off the foreign areas of Shanghai by permitting the river to become unnavigable. They could then buy up the improved waterfront properties

for a song—and then reopen the channel after they had obtained control.

One foreign diplomatic official summed up this situation by saying: "It reminds me of the spoiled and petulant small boy who said, 'If you won't let me run the game, and play under my rules, you'll have to get out of my yard, so there!'"

Except for the continued closure of the Yangtsze River to foreign trade, the most exasperating and most damaging phase of the Japanese policy of obstructionism in the Shanghai area is the fact that the Japanese Army and Navy refuse to relinquish their control over Hongkew and Yangtszepoo. These two areas, north of Soochow Creek, are part of the International Settlement, but the Japanese maintain Army, Navy and consular police guards on all bridges, permit the passage of no Chinese except those holding official passes, and in most cases refuse to permit foreign firms to reopen their business establishments in these areas. In some cases they have denied foreign firms access to their warehouses there since the hostilities first began.

Hongkew and Yangtszepoo had, early in the summer of 1939, according to official figures from their own Consulate-General, more than 42,000 civilian Japanese residents. In this same area, the Japanese say, about 10,000 Chinese families, holding special permits, were permanent residents. By May, 1939, 300,000 official bridge passes have been issued to Chinese. Most of these passes are held by Chinese laborers, who cross the bridges northward in the early morning and go back to the section south of the creek at night.

The Settlement police, however, say that there are more

than 60,000 Chinese permanently residing north of the Soochow Creek, many of whom hold no passes or permits. They have smuggled themselves into the closed area by crossing the creek or the river in small sampans after dark, or have filtered in through the ruins of Chapei from the adjacent countryside.

This enforced closure of Hongkew and Yangtszepoo has resulted not only in keeping the rest of the Settlement and all of the French Concession unhealthily overpopulated, but has also brought about an invasion of the heretofore strictly residential western districts by hundreds of small, cheaply built industrial establishments and also by several dozen mat-shed villages crowded with refugees.

This situation creates health and fire hazards of the greatest gravity. The reopening of Hongkew and Yangtszepoo, where there are now hundreds of untenanted stores, small shops and tenements would automatically correct this condition.

In many portions of the western district, just outside the International Settlement, there are scores of newly opened dens, cheap gambling houses, and noisy brothels. These areas are under the nominal control of the new Ta Tao police, organized under the puppet Japanese-controlled regime, but so corrupt and inefficient is this force that actual control is nil.

The Municipal Council so far has not negotiated at all with the Ta Tao city government of the outlying areas. This standoffish attitude is largely due to the British and Chinese members of the Council. The former fear that any such negotiations might be held to be a *de facto* recognition of the new puppet regime. The Chinese Councilmen, however,

openly avow their hatred of the Japanese, and a stubborn refusal to have any dealings with the Ta Tao personnel, whom they term "traitors to China."

The Japanese Consul-General has made several sets of demands upon the Settlement's Municipal Council, including the appointment of a Japanese as Special Deputy Commissioner of Police, and a very considerable increase in the number of Japanese sergeants and patrolmen on the police force. When these demands were met to Japan's satisfaction, the Japanese, in turn, made certain specific promises about returning the disputed areas to the control of the Municipal Council. But a year and a half later the Japanese had not kept a single one of their promises. Apparently this is just another case of the military refusing to honor commitments made by the diplomatic arm of the Japanese Government.

The situation in Shanghai seems to have reached a deplorable deadlock. The Japanese feel that they are being denied some of the proper fruits of their victories. They charge that the Settlement is not neutral, but is covertly playing a game in favor of the Chiang Kai-shek regime. They cite, with considerable justice, that anti-Japanese newspapers are published in the Settlement, that "enemy" radios are operating, and that anti-Japanese propaganda continues.

In the Settlement, however, the feeling prevails that the Japanese are imposing unnecessary and unfriendly restrictions primarily designed to ruin foreign trade and intended to bankrupt foreign competition. They charge that the Japanese are utterly insincere when they profess a desire for friendly co-operation.

As a result of these disputes between the contending factions, and as a result of a total lack of any tendency toward reasonable compromise, everyone suffers serious disabilities. Suspicions and animosities increase at an alarming rate as the restoration of normal conditions is again and again delayed.

The die-hards and irreconcilables, both foreign and Chinese, seem to fail to appreciate the realities of the situation. If no compromise is reached that gives adequate recognition to Japan's vastly increased power and prestige in Shanghai, the Japanese may decide to retaliate mercilessly. It would be quite feasible to have their proposed new puppet Chinese Government declare an embargo upon exports unless all transactions are handled through the new Government Bank, and at any artificial rates of exchange that may be calculated to bankrupt the great third Power firms that have operated in Shanghai for many decades.

Meanwhile, Shanghai, denied access to that trading hinterland which made it a great and wealthy city of nearly 4,000,000 people, and one of the busiest seaports of the world, is like a Gobi camel that has been long in the desert and living mainly from the fat on its humps.

Today the humps are lean and flabby, and the camel itself is scrawny, wobbly and hollow-eyed.

All during the month of May, 1939, Shanghai was kept in a state of recurrent alarm by persistently renewed rumors and reports to the effect that the next time a first-class political assassination occurred the Japanese Army would "forcibly take over the Settlement and the French Concession."

Such a thing may happen, but only if hot-headed and irre-

sponsible junior officers of the Japanese Army take matters into their own hands—as they have done more than once during the last two years. And usually with dire results.

But the wiser heads among the Japanese do not favor a policy of violence, and they offer cogent reasons for confining their campaign for greater control in Shanghai to diplomatic notes, economic pressure and general bluster and bluff. As one of the civilian Japanese leaders put the case to me about the first of June:

“Why should we increase our liabilities, responsibilities and foreign entanglements by forcibly seizing Shanghai’s foreign-controlled areas just now?” he asked. “We know that if we win a decisive victory in the war, Shanghai will fall into our lap just like a ripened plum. If, by any possible combination of circumstances, we should lose the war, we’d have to move out of Shanghai, bag and baggage, even if we grabbed it now. We are certain we are going to win, so why force matters at this time?

“True, we would benefit immediately to the tune of several hundred million dollars worth of property and currency seizures, but that gain is not worth the risk involved. Conceivably an attempt to seize the Settlement and French Concession might result in an armed clash with the American Marines, the British defense forces or the French soldiers. And even if the third Powers quietly acquiesced in a Japanese military occupation of the foreign-controlled areas, the resulting criticism and ill-will would rob our gains of all value and importance. America might even stop all shipments of munitions, scrap iron and other war supplies to Japan—and

we rely upon our purchases from America for fully half of our imported war necessities."

In May, the Shanghai Municipal Council agreed to the most vital of the Japanese demands. A strict censorship of the Chinese-language press was instituted, and four newspapers were suspended. The flying of Chinese National and Kuomintang Party flags in the Settlement and French Concession was forbidden upon all except eight Chinese annual holidays—and those holidays when such displays are permitted are not the so-called "Humiliation Days" having to do with past Chino-Japanese clashes.

"Another thing," my Japanese informant continued. "We know that if we took over the Settlement by force, the Chinese terrorists would take advantage of the rioting and confusion to massacre many American and British women and children, and to carry out these crimes in such a way as to throw suspicion of guilt upon the Japanese armed forces. The terrorist plans are already perfected, and we know the details. More than that, we realize that the forcible taking over of the Settlement would require at least a whole division of Japanese soldiers—20,000 to 25,000 men—and the rewards of such a seizure do not justify the horrible risks entailed, nor the diversion of such a large number of our fighting forces.

"We also realize," he said "that it would probably be many months before we could restore law and order. After all, 4,000,000 Chinese in one thickly built city would offer quite a problem. There would be a long period of disorder and bloodshed, and we would be laughed at all over the world as our record would be compared unfavorably with the pres-

ent relative calm and order being maintained by the foreign authorities."

In justice to the Chinese I must record here that I have never been able to obtain any kind of corroboration of the charge that Chinese terrorists would massacre American and British women and children in the Settlement and try to throw the guilt upon the Japanese. But all things are possible in the kind of warfare now going on in China.

Undoubtedly, however, many of the political assassinations in Shanghai's foreign-controlled areas have been directed and financed from Chungking, as have many similar deeds in the foreign concessions at Tientsin. But that is no valid excuse for the forcible Japanese seizure of the International Settlement and French Concession at Shanghai, for there have been multiple murders of this kind at Nanking, at Soochow, at Hangchow, at Peking and in other cities which are and have long been entirely under Japanese military control.

Personally, I doubt very much whether political assassination is an important weapon, and whether the use of it aids China or injures Japan in any great degree. I think it is as valueless and as indecisive a factor in the winning of the war as is the Japanese bombing of great centers of Chinese civilian population. In fact, the latter merely stiffens Chinese resistance and deepens Chinese hatred for Japan, whereas at most political assassinations might frighten a mere handful of corrupt or disgruntled Chinese politicians from becoming Japanese puppets.

Bluntly put, the fact of the matter is that most of the Chi-

nese victims of these political assassinations have not been important enough to be worth the powder used to kill them.

For a proper understanding of this problem we must go back to the summer of 1928, when the Nationalist armies finally captured Peking and theoretically brought all of China under the authority of the then Nanking Government.

At that time the question arose as to what to do with the host of what, in the United States, we would call the old lame ducks or political cripples cluttering up the landscape. There had been shadow "governments" almost beyond counting in Peking—Cabinets that posed as national authorities but which had little authority beyond the ancient walls of China's old capital. These ex-Ministers, their hangers-on, former diplomatic representatives abroad—all had to be taken care of somehow. Only a few of these men were sympathetic to the new Nationalist regime or could profitably be placed in office.

Finally a host of them were literally pensioned off. A sliding scale was devised, and they were paid from \$500 to \$1,500 a month, Chinese currency, as retirement fees or pensions. Most of them were quite content, and a vast majority of them had some investments, some properties, acquired in the days when they had the power to collect plentiful squeeze.

All went well until the present war began. Then many of these old ex-officials lost their properties. Their investments stopped paying dividends. The Japanese captured Tientsin and Peking, and many of them fled to the safety of the foreign-controlled areas of Shanghai. Some went to Hong-

kong, some to Manila, some to Singapore. They were impoverished, but they still drew their pensions from the Chinese Government.

Collectively, this whole crew cost only about \$360,000 a month to keep on the payroll. When the war started this was equivalent to only about US \$100,000 a month. Today it is equivalent to less than \$55,000 a month in American money.

After the Chinese Government fled from Nanking to Hankow, economy measures became imperative. Against the advice of many wise politicians, the Chinese Government stopped all these payments. It was urged that if these "old-timers" no longer received their pensions they would, almost necessarily, be forced to listen to Japanese offers.

Penny wise, pound foolish; the "old-timers" were stricken from the payrolls. Then began that period when Japan was able to announce the "emergence from retirement" of one-time Chinese politicians and diplomats and office holders whose names even the Chinese public had forgotten.

By assassinating these basically unimportant men, Chinese terrorists not only do not help China's cause in the slightest degree, but give Japan plausible excuses for increasing the pressure of demands upon the foreign Settlements and Concessions that are havens of refuge and comparative safety for millions of the Chinese people and are still of financial, economic and political value to the Chinese Government. Folly can be no more blind than this.

9.

HONGKONG'S PLIGHT

ALTHOUGH Hongkong had not been so poorly equipped to repel an armed attack as had Gibraltar, which had only four anti-aircraft guns at the time of the Munich Conference in September, 1938, this island outpost of Imperial Britain, nevertheless, has also lagged behind in defense works, and feverish attempts are now being made to make up for lost time.

With the Japanese already in possession of nearby Canton, and with an armed force landed on Hainan Island, which lies across the sea lane from Hongkong to the naval base at Singapore, British naval officials make no secret of their uneasiness; and the British Army at Hongkong, which numbers somewhat less than 15,000 officers and men, spends its days blasting new roads out of the sides of rocky hills, laying con-

crete gun emplacements, and tunneling new cavelike anti-aircraft dugouts and munition chambers.

Hongkong itself is a mountainous and rocky island, about twelve miles in length and half that in breadth. It is particularly vulnerable to attacks from the air, for the water supply comes from reservoirs in the hills; if aerial bombers scored a few direct hits upon the retaining dams, the water reserves would rush downhill into the sea, and Hongkong would be conquered by thirst within three or four days. Hence, the hasty preparations for enlarging the colony's air force. These preparations include not only new airfields, but also the presence of one British airplane carrier and the expected arrival from Singapore of two more such craft before midsummer of 1939.

One huge underground hangar has been blasted into the side of a steep mountain, and early in 1939 work was going on for the early completion of two more such shelters for British airplanes. And although as yet more than half the concrete emplacements lack the guns necessary to bring down enemy raiders, a good beginning at acquiring equipment was made, nevertheless, late in 1938, soon after the Japanese capture of Canton, when the British authorities took over and retained an important shipment of anti-aircraft guns that had been ordered by the Chinese Government.

The defense of Hongkong will be much more difficult since the Japanese have landed on the Chinese mainland, for besides the island of Hongkong the British now have the Kowloon area, or Leased Territories, under a ninety-nine-year lease from China. Kowloon is on the mainland, and the sep-

arating strait is less than a mile wide. The Japanese Army holds Chinese territory from the Leased Territory borders clear to and beyond Canton.

Curiously enough, however, early in 1939, there was no actual military occupation by Japanese along this frontier, except scattered guards along the dynamited and disrupted Canton-Kowloon Railway. The rest of the area was overrun with Chinese guerrillas and bandits. Through the guerrilla lines Hongkong had again begun selling goods into Chinese territories, and vegetables and livestock reached Hongkong through these lines. No attempt was made, however, to ship munitions or war supplies for Chinese use across the boundary.

Many machine-gun, anti-aircraft gun and searchlight emplacements were being rushed to completion along Hongkong's mainland boundary, which runs through a mountainous country, and here and there barbed wire entanglements were ready to put into place across flat lands and valleys.

Even on the island of Hongkong itself double rows of strong barbed wire entanglements had been completed by the first of March, 1939, and were ready to throw across several of the highways running into small flat peninsulas jutting from the island. Evidently the intention was to abandon at once untenable portions of the island, then to close all highways and rake landing parties with machine-gun fire.

These precautions, in the opinion of foreign military and naval observers, are designed to check any surprise attacks until such time as the British fleet could send assistance from

Singapore. The same reliance upon Singapore is evidently planned by the British air force. Airplanes could reach Hongkong from the Singapore base within twelve hours, and important air reinforcements could quickly follow from Burma and from India.

The seriousness with which the general situation is viewed in Hongkong is shown by the fact that a total of 1,500,000 gas masks have been ordered from England. In February, 1939, only partial delivery had been made, and Hongkong had gas masks only sufficient for the British armed forces and for British civilians. No distribution of gas masks will be made unless danger arises, for it is feared the tens of thousands of ignorant and penniless Chinese would not protect the masks, and would even probably sell or pawn them. No discrimination can be made between Chinese and Europeans or Americans, so all must wait.

The ambitious plans for blasting huge caves into the hills for sheltering the civilian residents of Hongkong have lagged, but many of the most stoutly constructed buildings have been made ready to house thousands of refugees and can be hermetically sealed within a few hours against the infiltration of poison gas.

The Japanese capture of Canton and Hainan Island, the closing of the Pearl River, and the disruption of the Canton-Kowloon Railway have combined to partly paralyze Hongkong's import and export business. This has adversely affected banks and shipping and insurance firms, and importers have been forced to grant ruinous extensions of credit to

firms in the interior, because of the difficulties of making collections or sending remittances. Hongkong's local prosperity continues unabated, because of the huge influx of wealthy Chinese from Canton and other cities on the mainland, and trade with smaller South China ports and with French Indo-China has been greatly stimulated. The Hongkong Colonial Government's revenues still exceed expenses every month, but gross revenues have begun to decline, and outlays for caring for indigent refugees and for meeting public health problems are on the increase. Shipyards continue to operate at capacity, and have many orders ahead.

There is in Hongkong a growing sentiment against the purchase of Japanese-made goods, and most Japanese stores are without customers. Chinese will not buy from the Japanese stores, and will not knowingly purchase Japanese-made goods from foreign stores. In addition to this, most Europeans in Hongkong are informally boycotting Japanese goods, and one of the leading English-language newspapers pointed out editorially that during the last few years Hongkong has committed "the indefensible folly" of purchasing from Japan goods valued at \$151,170,000, in Hongkong money, whereas the colony in that three-year period sold to Japan goods valued at only \$43,451,000.

The editorial pointed out that Japan has probably used this \$100,000,000 favorable balance to help wage war against China, and that Hongkong's purchases had better be made from Great Britain, where unemployment is large, and where the Lancashire mills stand idle, largely because of the com-

petition of Japanese cotton mills. Purchases from Great Britain in that same period were only \$82,905,000, the editorial pointed out, and then concluded:

“Why should we buy Japanese goods when the adverse balance of trade, which we have to cover by exporting bullion, is being turned by Japan into guns and bombs?”

Swatow was no longer an important port of entry for the Chinese even before the fall of the city in the summer of 1939 because of the vigilance of the Japanese Navy, and because Swatow has no railway running into the interior. Japanese airplanes effectually patrolled the one motor highway running westward from Swatow. Pakhoi is also now nearly useless, both because of the blockade and the Japanese seizure of Hainan Island, and because the Chinese armies, fearing a Japanese landing at Pakhoi, have dynamited roads and bridges on the routes leading inland. Macao, the Portuguese harbor near Hongkong, is useless to the Chinese. The Japanese Army now controls the Macao-Canton highway and other roads from Macao into the interior.

French Indo-China is in a worse position than Hongkong, so far as defenses are concerned. The French keep only outdated warships in these waters, have few airplanes in French Indo-China, have almost no anti-aircraft guns and few coast defense guns, and reportedly lack even efficient equipment of mines for guarding their harbors.

Since the Japanese seized Hainan Island, the French have again begun to permit large shipments of munitions, war supplies, gasoline and trucks to go through Haiphong and Hanoi into Yunnan and Kwangsi, and the Haiphong-

Kunming Railway, French-owned for its entire length, is carrying full capacity of freight. Two British and two French shipping lines now make regular calls at Haiphong, and many chartered ships put in there. Docking and warehouse space are at a premium, and port receipts have more than doubled.

10.

CANTON, RUINED METROPOLIS

ANYONE arriving at night at Shameen, the foreign concession island in the Pearl River, which is separated from Canton by a creek only a few yards wide, would have thought, in the spring of 1939, Canton an utterly dead city.

No lights were seen on the mainland. The Japanese Army bugles blew at seven o'clock each evening, and thereafter nothing might stir in the ruins of what in the summer of 1938 was a thriving city of nearly 1,500,000 people. From seven P. M. until daylight the ruins lay in silent darkness. Occasionally a fire broke out in some section as yet unravaged by flames, but no fire engines clanged through the streets to check the blaze. Flames spread from street to street, and only now and then a homeless dog or cat ran from a threatened building.

Daylight, however, revealed signs of life. There were no longer any rickshas, and the junks and sampans formerly crowding the river and affording dwelling places to nearly 500,000 people were all gone except a few that hugged the shore of Shameen. Automobiles and trucks were rare in the streets, and those that were seen belonged to the Japanese Army or flew the flag of some foreign Consulate.

The Japanese said that business was reviving in Canton, but the character and extent of this so-called revival was pitiful to behold. Foreign missionaries, long resident, estimated that aside from the inhabitants of refugee camps, there were not more than 400,000 Chinese living there then, and that almost all of those were in the employ of the Japanese in one way or another, or else had been intimidated into helping the "revival."

The number of shops, eating houses and hotels reopened for business was increasing nearly every day. For if the Japanese could find the owner of any closed establishment, they told him quite plainly that if he didn't reopen his doors they would move in. So he opened his doors, whether the looters had left him much stock or not, and then eight out of every ten of his customers were uniformed Japanese.

There was a brisk sale of looted articles. For a time even cameras, typewriters and bicycles could be bought for as little as from \$1 to \$5. Even telephones, torn from the walls by looters, sold for a time at \$1 each, but after the telephone exchange had been put into operation (by a Japanese company), all unconnected telephones were confiscated on sight.

Many parts of the city were again serviced with running

water, and the fire engines, abandoned in the streets during the Chinese exodus, had been taken back to the fire houses and were being reconditioned. Gangs of impressed coolies, and even occasional gangs of Japanese soldiers, were busy cleaning the streets of fallen walls and debris, and special attention was being paid to removing the deep sand that accumulated on paved streets as Chinese sandbag emplacements either burned or rotted away.

The Japanese, who were circulating yen and Japanese military notes freely through the city and adjacent occupied areas, had published official "conversion rates," which specified that \$1.30 in Chinese national currency might be exchanged for one yen, whereas it would require \$1.80 in Kwangtung provincial bank notes for the same exchange.

Foreign firms continued impatiently to mark time, awaiting the tardy permission of the Japanese authorities for the reopening of the Pearl River for third Power vessels. Canton fell into Japanese hands in October, 1938, and Japanese Navy and commercial vessels had, collectively, made literally hundreds of trips up and down the Pearl River. None of these Japanese ships had hit a mine, but the Japanese excuse for keeping the river closed was that "mines make navigation dangerous," and then added, as an afterthought, that "military necessity" prohibited permitting third Power vessels from using the waterway.

Meanwhile, Japanese shops and hotels and eating houses were opening up in great number, and the Japanese civilian population of Canton was increasing with great rapidity, passing 4,000 in February, 1939, as against 400 before the war.

Canton had several Japanese hotels, with Japanese waitresses, and also several eating houses with plenty of geisha girls. The latest sign of progress was the opening of a Japanese cabaret, with dancing partners imported from Nagasaki and Osaka and Kobe.

Most of the Chinese shops, eating houses and hotels that had reopened handled only Japanese goods. American and British goods were simply not to be had, except a few articles that escaped the conflagrations and the looters when the city changed hands. Japanese-made beer had a monopoly of the trade, and Japanese canned fish, fruit and vegetables were found on the shelves of all stores, as were Japanese-made condensed milk, jams, jellies and canned soups. Japanese flour had a virtual monopoly with the bake shops and noodle factories.

Most of the Japanese stores were more like department stores instead of being specialty shops. These establishments had Japanese silks, satins, stoves, bicycles, cosmetics and ready-to-wear foreign style clothes for men. It was almost impossible to buy any but Japanese matches anywhere in the city.

One of the best buildings on Canton's main business street had been taken over by the Yokohama Specie Bank, and the Mitsui Busan Kaisha had also opened offices. The Osaka Shosen Kaisha, one of Japan's main shipping concerns, had begun a regular passenger and freight service between Canton and Japanese seaports, and planned soon to put two more steamers on the profitable run.

A Japanese-sponsored company, capitalized at \$2,000,000,

was about to reinstitute a bus service inside the city and soon extend lines into the countryside. Buses had been found to be extraordinarily profitable, and Japanese companies are now operating ever-extending lines in and around Shanghai, Nanking, Hangchow, Hankow, Peking, Tientsin and in several Shantung cities.

Canton has for years been looked upon with dislike and suspicion by the Japanese, who blamed the Cantonese for the more rabid forms of prevalent anti-Japanism, and for the beginning of anti-Japanese boycotts. Canton was also regarded as "The Cradle of The Revolution," and after the Japanese grabbed Manchuria it was the Southern Chinese who were most vocal in demanding retaliatory measures.

It is the fashion in China to blame the Japanese for the almost utter destruction of this once great and prosperous city of Canton, but actually most of the ruin wrought there must be blamed upon the Chinese "scorched earth" policy. This writer was in Canton in late June and early July of 1938. The most intensive Japanese bombings had occurred just before that time, and there was widespread devastation. But the greatest havoc and loss, fully ten times that occasioned by Japanese aerial raids, was caused by the Chinese dynamiting and setting fire to the city at the time they evacuated.

An airfield was being enlarged early in 1939, and Canton was evidently to be used as an Army air base, from which to raid along the middle portion of the Canton-Hankow Railway, which the Chinese still held, and also for raids into Kwangsi and Yunnan Provinces.

En route up the Pearl River from Hongkong, it becomes evident that the Japanese are following out an ambitious Chinese plan to develop Whampoa into a deep-water harbor, in competition with Hongkong. In 1936 the Chinese built a railway extension from the Canton-Kowloon-Hongkong line to Whampoa, which lies about seven miles downstream from Canton, and began dredging the large arm of the river, intending to develop their own harbor.

The scheme was to have cost about \$40,000,000 in Chinese money, then about \$12,000,000 in American exchange.

Early in 1939 the Japanese had dredges busy at Whampoa, and were already building wharves and warehouses. They expected to have the harbor ready to berth 7,000-ton ships within a year.

Already the Japanese had passenger airplane connections with Tokyo, the route running by way of Formosa.

While this once great city was suffering from poverty and from a paralysis of trade, gambling flourished openly. The gambling houses were, in the main, operated with doors wide open to the streets, or in partially wrecked buildings that had only door openings but no doors. In many cases small-time gamblers began operations with just a board placed across two boxes on the shady side of a street. The opium evil was less prevalent and less open than in Nanking and Shanghai, but prostitution flourished in all parts of the city.

11.

FORTUNES FROM DISASTER

NEXT to the staunch endurance and bravery of the rank and file of the Chinese armies in the face of Japan's murderously superior mechanical fighting equipment, the most remarkable factor of the present Chino-Japanese hostilities is the fact that most of the Chinese banks have made many millions of dollars of profit.

On the face of things, the careless observer would be apt to declare that the Chinese banks must be bankrupt. He would argue that most of the long-term loans they were carrying when hostilities began are "frozen" or must be written off as total losses. He would observe that factories upon which the banks held mortgages are mostly destroyed, or looted and idle, that great areas in a score of cities which were once closely built are now merely worthless land covered with

rubble and ruins. The owners of such real estate will probably never repay their loans to the banks, and there is no use foreclosing on mortgages on onetime business property in cities that, virtually destroyed by aerial bombings or artillery fire, now harbor only one-tenth their former populations.

Another entry in the red for the Chinese banks would be the fact that they, collectively, are now crammed with about three billion dollars worth of Chinese Government bonds, the price of which has tobogganed violently, and which, in many cases, no longer pay interest nor amass amortization funds.

Nevertheless, the Chinese banks are not bankrupt. In fact, today most of them are probably more sound and more rich than they were before the hostilities began. And the magic was achieved by astute dealings in foreign exchange.

When the war spread from the Tientsin-Peking area to Shanghai, in mid-August of 1937, there was a veritable panic in Chinese banking circles.

The Chinese banks are divided into two classes, the largest and most important being called "foreign style," and the others being classed as "native banks." There are four great institutions called "Government banks," which are either owned outright or controlled by the Chinese Central Government.

When the war began on a grand scale, all of these banks were pretty well stuffed with domestic Government bond issues. Without regard to class or financial status, the Chinese banks began clamoring to the four Government banks for money, and the Government banks, in order to avoid a crash,

were forced to furnish money. In a majority of cases they accepted Government bonds as security for the loans they made.

Then came the virtual moratorium, which is still in effect today, so far as Chinese-owned banks are concerned. This put the Chinese banks on the road to Easy Street. For at that time one dollar was worth approximately twenty-nine cents in American money, and had a corresponding exchange value in pounds and francs and other currencies.

With the money they forced from the Government banks in exchange for their Government bonds, the astute Chinese bankers began to play the foreign exchange market. At that time there were daily fluctuations, but the trend was bound to be sharply downward as the Japanese armies drove further and further inland. In the summer of 1939, the Chinese dollar hovers between fourteen and sixteen cents in American money. In other words, foreign exchange could be bought in 1937 at the rate of US \$1 for about \$3.32 in Chinese money. In the summer of 1939, Chinese bankers holding foreign exchange could sell it and almost double their resources. They then received around \$6.25 in Chinese money for every US \$1 that they sold.*

Without the virtual moratorium, of course, this could not have been done. For under a mandate issued at Nanking late in the summer of 1937, large-scale withdrawals of money from Chinese banks are impossible. No depositor may with-

* By August 1st, 1939, after this chapter was written, the Chinese dollar declined to 8.5 American cents.

draw more than \$150 in any one week, nor a total of more than \$500 in any one month. This virtual freezing of deposits has made it possible for Chinese bankers to recoup from fluid exchange operations all the money and security values they have lost through war's destruction and through the unsettlement of commerce.

One of the factors that was keeping the Chinese dollar fairly stable was the fact that the Government was slowly exerting pressure upon the smaller banks to redeem the loans that were given to them in the days of the panic—to redeem their pledged Government bonds. This forces the non-Government banks slowly to sell their holdings of foreign money. There is nothing alarmingly drastic about this process. Suppose a certain bank owes the Government \$4,000,000. The Government will demand repayment, and then the bargaining begins. In the end, the bank may sell enough of its holdings of dollars or pounds to pay \$200,000 or \$300,000 on account.

So, in most cases, the banks are in good shape, or even very rich. But in this conflict, as in all wars, it is the small man who in the end must pay the piper. In June or July of 1937 the money these small men deposited would buy them more than it would buy two years later. For instance, in the summer of 1937 a man with \$332 in the bank could buy US \$100 worth of imports, or could buy a draft for \$100 to send to a son going to an American university. By June, 1939, \$332 would buy less than US \$60 in value. And his money, as he draws it out in small weekly dribbles, buys less of domestic products,

too. For prices of all commodities have gone soaring—rice, silk, tea, cotton.

As to expenditures and the stability of currency, China has withstood the shock of war remarkably well. Until the disagreement over Customs revenues, China had met in full all scheduled obligations on her domestic and foreign loans. Administrative expenses of the Chinese Government have been drastically curtailed, and in most cases the various Ministries retain only 10 per cent of their peacetime staffs. China's military outlays, to the end of 1938, are estimated to have slightly exceeded a billion and a half in Chinese dollars. For the fiscal year ending June 30th, 1938, the Government spent about two billion, which is more than double the total budget for the last year of peace.

So far the Chinese Government has issued six wartime loans, totaling about \$1,770,000,000 in Chinese money. Three of these loans were in Chinese currency, and three in gold currencies.

China's total national loan obligations are now estimated at about \$5,600,000,000 Chinese money. Of this huge total about \$3,300,000,000 are domestic loans, and the foreign obligations, in various foreign currencies, together equal about US \$680,000,000. This marks an increase of 37 per cent in the national debt since hostilities began in July, 1937.

The latest statistics available concerning the note issues of the four Chinese Governments banks are those for the period ending June 30th, 1938. These figures show a total

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note issue outstanding of \$1,727,000,000, which marks an increase of \$88,000,000 for the first half of 1938, and a total increase of \$320,000,000 for the fiscal year ending last June 30th, 1938. During the preceding fiscal year, before the war began, the increase was \$459,000,000.

Thus far, the Chinese Government has not resorted to the issue of military notes. Japan, on the contrary, has flooded the whole Yangtze Valley with military notes. Her armies are paid with this unbacked and unguaranteed paper, and Chinese peasants are forced to accept it in payment for food crops and supplies. The Japanese military notes, now circulating from Shanghai to Hankow, a stretch of 600 miles along the Yangtze, merely say "these notes can be exchanged for Japanese yen," but do not state when, nor where, nor how.

One factor that has helped to sustain Chinese currency on the exchange markets of the world has been the marvelously patriotic rallying of Chinese citizens living abroad. During the calendar year 1938, Chinese abroad sent to their homeland more than \$600,000,000 in Chinese money—equivalent to nearly US \$100,000,000. Of this total, more than \$120,000,000 was contributed as gifts to the national treasury. More than US \$15,000,000 was sent by Chinese living in the United States.

The Chinese government-owned railways have made a magnificent struggle to maintain their credit. During the ten-month period from March 1st to December 31st, 1938, these railways paid 258,706 pounds sterling, 2,761,747 Bel-

gian francs, 1,015,031 French francs, 631,234 florins and 884,000 Chinese dollars to foreign creditors on interest and bond maturing accounts.

The policy of the Chinese Government has been to continue payment to creditors of railways until the Japanese forces control an entire line. So long as the Chinese armies are in control of even a small fraction of a given railway system, even though the Japanese may control nine-tenths of it, the creditors do not suffer. Upon complete Japanese occupation, China ceases payments. And Japan pays nothing.

Interest and sinking-fund payments upon foreign loans secured upon the receipts of the Chinese Maritime Customs have ceased, because of a Customs agreement made at Tokyo between Japan and Great Britain—an agreement over the making of which the Chinese Government was not consulted. Under this agreement all Customs collections made in ports under Japanese military or naval occupation are to go into the Yokohama Specie Bank, which was to pay foreign creditors and hold the balance in a trust fund. But one condition to this was that China must permit the Hongkong and Shanghai Banking Corporation in Shanghai to pay to the Japanese bank about \$25,000,000 in Chinese money, and 400,000 British pounds, which had accumulated there since the Japanese Army captured Shanghai.

China had refused to implement this British-Japanese agreement, first on the grounds that she was not consulted, and second because the agreement affords no protection for Chinese holders of domestic bonds that are secured on the Customs surplus. Japan today controls ports that collect

four-fifths of China's entire Customs revenue, and already more than \$200,000,000 in Chinese money has accumulated in the Yokohama Specie Bank. Japan holds the funds, and foreign and domestic creditors get no interest or amortization payments.

12.

THIRTY MILLION HOMELESS

NOW THAT the great inland advances of the Japanese Armies into China have come to a pause, the millions of Chinese who fled from, or were driven from, their homes and farms by the alien invasion are facing a new set of problems. No longer are they fleeing from aerial bombings, from shattering shell fire, from burning cities and from the fear of looting and murder and rapine. Today they are facing the grim problems of finding means of livelihood either in areas already densely overpopulated, or in areas so poor and ill endowed that they have been neglected and left desolate for centuries.

Foreign relief organizations, foreign missionaries and Chinese Government investigators are agreed that since the Chino-Japanese hostilities began, in July, 1937, fully 30,-

000,000 Chinese civilians have fled from their homes or have suffered the destruction of their homes and the loss of their means of livelihood. And if this figure is correct, the funds raised to succor these war victims have averaged less than \$1 per person in Chinese money—about fifteen cents in American coin, at rates of exchange ruling early in June, 1939.

Certainly all relief funds, foreign and domestic, and the Chinese Government's relief appropriations of one kind and another, have not collectively totaled \$30,000,000. With many agencies at work—international, national, provincial and local—definite totals cannot be ascertained, but the collective total is nearer to \$20,000,000 than \$30,000,000.

The big exodus was from the Peking-Tientsin area in the autumn of 1937, and from the Shanghai-Nanking-Hangchow area in the early winter of the same year. The westward trek from Hankow in the late summer of 1938, and from Canton in October of that year, was not nearly so large as the mass exodus of the last half of 1937, and even so, in many cases it included a second hegira of those who had fled in the first months of the hostilities.

The deaths amongst the war refugees have, admittedly, been enormous. Most relief workers estimate that no less than 2,000,000 of them have died from malnutrition, from cold, from exposure or from cholera, dysentery or malaria, which three diseases ravaged the middle section of the Yangtze River in the summer of 1938. The old, the very young; and the weak have largely succumbed to various hardships, and in the main only the sturdy survive.

The survivors must be divided into two classes—those who have escaped to the Far West, and are in Chinese-controlled areas, and those trapped behind the lines, and who though eastward of the fighting zones and in the Japanese-occupied territories, are nevertheless still homeless.

The lot of the former is far happier than that of those who must continue to live under harsh alien rule. The Chinese Government, although limited as to expenditures for anything except war necessities, is making at least an attempt to give food and shelter to the refugees, to afford some sort of mass education for young and old alike, and to furnish employment or new lands to work.

Hundreds of thousands of the young and healthy males have been drafted into the new Armies, and about 300,000 others are engaged upon gainful labor on new railway and highway projects. The mass movement of China's industries inland has also afforded employment to many thousands of workmen who had had previous training or experience in factories in the coastal areas.

In all of the far-western provinces the Chinese Government is also attempting to place farmers upon hitherto unsettled lands. Irrigation and drainage projects are being pushed to completion, forest lands are being cleared—the timber is needed for war uses—and the effort to increase the nation's food production is, in general, giving work to two farm hands where only one worked before.

China's age-old family system has also aided immeasurably in the solution of the problems of finding shelter for, and affording new chances in life, to the homeless refugees.

Even a distant cousinly relationship makes a man a member of a clan, and gives him the right to demand the clan's help and support in times of acute distress.

The various Guilds have also helped greatly. If a refugee from Shantung Province reaches Chungking, he will probably go at once to the headquarters of the Shantung Guild in China's new capital—and will be given some help, even if it is only one bowl of rice gruel a day, and a ticket affording him shelter at night under a huge straw mat shed.

The plight of the homeless war refugees in the Japanese-occupied areas is far more unhappy. Unless they openly side with or support the puppet authorities established by the Japanese military, the best they can hope for is to be conscripted for forced labor. In the labor camps they are amply fed and are given shelter. They are even paid a few dollars every month, but they have no hope for any future except to continue as serfs serving their conquerors. And the Japanese are harsh taskmasters, never averse to using brutality to force the last ounce of effort from their hapless toiling slaves.

In most cases even the peasants who have been able to return to their small farms are in a pitiable plight. Houses and barns have been burned or shelled to destruction, irrigation ditches have been ruined, seed grain is lacking, and all livestock is gone. From chickens and ducks to horses, donkeys and water buffalo, the tides of battle and of evacuation have left nothing that lives upon the farms, and rice cultivation without water buffalo is almost impossible. If the peasant's house or barn happens to be still intact, it

is probably occupied by Japanese soldiers, for China's "scorched earth" policy has forced the invaders to appropriate for their own use most of the buildings left standing.

In the Japanese-occupied areas there is notably less effort being made to help the homeless than is being made in Chinese-controlled territory. And even if the farmer raises a crop, new transit taxes are so heavy that he has nothing left at the end of a season except food enough to carry him through to the next harvest—if, indeed, he has that much.

And the man who is struggling to make a comeback, whether he is a farmer or a trader in a small town or village, must reckon on the depredations of bandits, and upon the recurring demands of Chinese guerrillas, who are likely to strip him clean on the pretext that they are patriots and are working and fighting for the nation's eventual salvation.

In both the Chinese- and Japanese-occupied areas there are hundreds of thousands of homeless people who have lost all contact with their families. Husbands do not know whether their wives and children are living or dead. Aged parents cannot contact sons or daughters, and may never hear from or see any of them again. These personal griefs and uncertainties, collectively, constitute a mighty and unrecorded drama of sorrow.

Comparatively little money is required to re-establish refugee peasant families upon the soil. In one district a provincial Land Reclamation Committee, working under the Chungking National Relief Commission, has settled 1,000 families, collectively totaling 5,286 persons, upon farms.

In Chinese money, the costs were as follows: \$60,000 for constructing grass cottages and barns; \$10,000 for "house furnishings and cooking utensils"—an average of \$10 per family; \$75,750 for the purchase of seeds, cows, carts, plows and scythes; \$165,000 for transportation expenses for the 1,000 families, for a grass-built hospital, for a school, for a handicraft factory, and for building a road to the new district.

With \$100 in American money exchangeable for \$617 in Chinese money, the entire cost of this project was about US \$52,000. And 1,000 families are given a new start in life.

13.

ALL FOR ME, NONE FOR YOU

ASIDE from the politico-military aim of securing such a position of security upon the Asiatic mainland that she need no longer fear an attack from Russia, Japan's main objective in her present undeclared war upon China is to secure a monopoly of China's trade and a control of China's vast and only partially developed reserves of raw materials.

The easiest and most effective way to secure such monopoly and control was to grab all existing lines of communications, and under the plea of "military necessity" bar foreigners from using them. With a strangle-hold upon all means and routes of communications, supplementary devices have been adopted, such as the changing of China's Customs tariffs, the licensing of exports, and the issue of new currency in North China, and exchange restrictions

forcing exporters to deal through Japanese banks at an artificial rate of exchange beneficial to Japanese but ruinous to foreign interests.

The importing of vast quantities of Japanese goods without Customs formalities, control of telegraph and telephone facilities, and denying foreign traders access to the interior of the country (while Japanese are freely admitted) put the finishing touches to this ambitious scheme.

Japan has now been in control of the Peking-Mukden Railway since September, 1937, of the Shanghai-Nanking and Shanghai-Hangchow lines since December, 1937, of the Peking-Suiyuan Railway since January, 1938, and of the Tsingtao-Tsinan line since February, 1938. The Japanese Army cleared the Tientsin-Pukow line of Chinese troops in June, 1938, and the Lunghai Railway as far west as Kaifeng has been in the hands of the invaders almost as long.

There is no real uniformity in the handling of traffic over these different railways. On the Peking-Mukden line foreign shippers have few complaints. But complaints are many concerning the handling of freight over the Peking-Suiyuan Railway, and it is frequently charged that Japanese importers and exporters can always secure freight cars, whereas foreigners are usually refused on the grounds of "military necessity," or suffer delays that handicap them in competition with the Japanese.

The northern portion of the Peking-Hankow Railway, which the Japanese control northward of the Yellow River, is devoted almost exclusively to military transportation and to handling Japanese goods, and the same is true except for

passenger traffic, of the whole length of the Tientsin-Pukow Railway, of the portion of the Lunghai still operating, and of the narrow-gauge line from Shihchiachuang westward to Taiyuan, the capital of Shansi Province, which the Japanese also control.

Very rigid exclusion of foreign freights is practiced upon both the Shanghai-Nanking and Shanghai-Hangchow systems, and even civilian passenger traffic is rejected unless the would-be ticket purchaser holds an Army pass. A few missionaries have obtained such passes, but the privilege of travel inland from Shanghai is rarely granted to third Power business men.

The Yangtze River remains closed to foreign shipping, and although Japanese ships will sometimes carry foreign cargoes, they charge such high and discriminating rates that it is almost impossible for foreign importers to compete with the Japanese. Tug and launch traffic on the smaller rivers, canals and creeks radiating from Shanghai is now an out-and-out Japanese monopoly, operating under Army permits.

In South China the Pearl River, main traffic artery to Canton, is also closed, and the Chinese portion of the Kowloon Canton Railway handles only Japanese military supplies. Even Chinese and foreign civilian traffic is barred from the short mileage of this railway that is operating.

It is also noteworthy that whereas before the hostilities the Chinese Government had refunded and resumed payment of interest and sinking-fund charges on the enormous quantities of railway bonds held abroad (principally in England and in America), the Japanese have suspended all such

payments and will not even permit representatives of foreign creditors to inspect the various lines.

Before July, 1937, China was rapidly expanding commercial air lines, and in these ventures American and German capital were predominant. Today China's air lines are restricted to the far interior, for Japanese flyers shot down a few passenger planes, insisting they could not distinguish giant Douglas airliners and Junker passenger craft from hostile bombers.

The Japanese are losing no time in attaining domination of commercial aviation in China. Already there are regular services between Shanghai and Tokyo, by way of Fukuoka, and there is also a Peking-Tokyo service via Dairen and Korea. Three flights each way are made weekly between Peking and Hsinking, the Manchoukuo capital, and there are also aerial services between Shanghai and Hankow, via Nanking, and between Shanghai and Peking, via Tsingtao and Tientsin.

In theory these lines, except that to Hankow, are open to third Power nationals, but actually Army passes must be obtained before tickets may be bought. And if any Japanese civilian passenger wants accommodation, the foreigners must wait for the next flight.

In many cases, where telegraph and telephone lines have been reopened into the interior, they are barred to non-Japanese patrons on the plea of "military necessity," and in all cases, as is true with foreign cables and wireless services, Japanese censors are in charge. Japanese censors are also in all post offices in the occupied areas; and in spite of repeated

pledges not to interfere with mail to or from foreigners, there have been many cases of interference. Whole shipments of foreign newspapers, magazines and books have been detained or destroyed.

Already, it is estimated, American trade in China has suffered to a total of more than US \$225,000,000, and this does not include destruction of American properties or loss to American bondholders of Chinese Government issues secured upon Customs collections or railway receipts.

Japanese apologists seek to allay American anxieties about trade in the Far East by saying that American trade with Japan has always been more important than that with China and will increase after the war ends. But they neglect to point out that already in occupied areas the Japanese are making strenuous efforts to improve and to greatly increase cotton and tobacco growing in China. If they win the war, Chinese-grown cotton and tobacco will supply the Japanese markets, and this important part of American trade with the Far East will be ended.

The present restrictions upon and decline of third Power trade with China may be expected to increase rapidly as soon as Japan's two huge monopolistic holding companies begin to function fully. These are the North China Development Company, capitalized at 300,000,000 yen, and the Central China Development Company, capitalized at 100,000,000 yen.

These two corporations, partly financed by the Japanese Government, will engage in a wide variety of enterprises ranging from complete control of communication systems

and ownership of public utilities and land and water transport to the financing of commercial trading firms. They will also exploit mines, develop harbors and engage in hydro-electric projects.

Already representatives of subsidiaries of these two great holding companies have approached the heads of large American firms in Shanghai and sought appointments as agents in interior cities. They say, in effect:

"If you appoint me your agent in an inland province, I can arrange for military passes for your goods. If you do not consent to this association, your goods will rot on the Shanghai wharves, and I shall take agencies from Germans or Italians."

Although at present China's trade is greatly depressed, the country has remarkable vitality. Three good crop years, and buying of foreign goods would no longer be restricted to bare necessities. Reorganization and reconstruction must, of necessity, be accomplished eventually, and this coming period will probably mean greater trade than China has ever known. If foreign firms had merely to "hold on" until the end of the war, they could weather the present depression; but if Japan wins even a partial victory, there will be no normal conditions when hostilities cease—instead, an ever-tightening Japanese monopoly.

Foreign trade in China also foresees, with a Japanese victory, a policy of the Japanese imposing high freight, light and power rates upon all forms of foreign business, with preferential low rates, or secret rebates, to Japanese industry. In fact the beginnings of this nefarious system are plentifully apparent today.

Ironically enough, however, even now Japanese traders are complaining bitterly that they are unable to make any profits, although the monthly turnover of Japanese goods in the occupied areas continues to increase astonishingly. As one disgruntled Japanese business man said to this writer:

"Every time we sell a cake of soap, a tax collector appears at our elbow. Sometimes he represents the Reformed Government at Nanking, again he will represent the Great Way Government of the Shanghai municipality. Occasionally both appear at the same time. These tax collectors operate under the protection of the Japanese Army, and we must pay. The various Chinese regimes our Army has established are mostly officered by fly-by-nights, intent upon getting rich as quickly as possible. They always need money, and lots of it. But the worst of it is, these ever-growing taxes are not being spent for public purposes that might improve the lot of the Chinese masses, and thereby improve business in the long run. The collections, apparently, just disappear."

In December, 1938, Japanese imports to China were about 46 per cent of all imports. This figure, however, is misleading, for it is derived from the whole of China, and no Japanese goods are now going into that portion of the country controlled by the Chiang Kai-shek Government. But imports from Japan comprised about 65 per cent of the total imports into the Japanese-occupied areas for the last month of that year. German trade with the occupied areas is also increasing, but that of the United States and of Great Britain is declining rapidly.

Regardless of whose toes may be trodden upon by Japan,

and regardless of the opinion one must hold concerning Japanese ethics and methods, it must be conceded that Japan is playing a daring and a very shrewd game.

Already responsible Tokyo statesmen intimate that if the various "trade blocs" of the world are abolished, and if discriminatory tariffs are done away with, Japan will be willing to join a world conference for military and naval disarmament and world-wide economic revival.

Japan envisions herself as master of China's colossal cheap labor supply and as the leading exploiter of China's natural resources. With these assets, and with anything resembling genuine freedom of trade and commerce, Japan could probably become the richest nation in the world within two decades.

14.

WANTED: CO-OPERATION

NEXT to the collapse of the Chiang Kai-shek Government, and easy access to foreign capital (on their own terms), the thing which the Japanese now most earnestly desire is genuine co-operation from respectable and responsible Chinese. But to date large-scale realization of this third desire seems as remote as any possible realization of the first two.

For this frustration of their hopes, the Japanese have only themselves to blame. Aside from the fact that the ferocity of their attack upon China has aroused a bitter and persistent hatred, the Japanese unconsciously discourage co-operation by their arrogance and greed, and by the hauteur with which they deal with the Chinese in the conquered areas. Co-operation, as interpreted by the Japanese, does not

mean anything like a fifty-fifty arrangement, whether it be in government or in business and industry. For themselves the Japanese demand absolute control, dictatorial powers, and more than the lion's share of the profits.

A Chinese writer, noted among his own countrymen, has recently summarized the situation accurately as follows:

"Hard economic necessity is hatching out 'traitors' in all Japanese occupied areas, because China has so far been unable to provide productive employment for her starving unemployed. In the occupied areas they must become the coolies of Japan or die. Farmers must sell their crops to the Japanese because few Chinese factories exist to buy their cotton, silk and other raw materials."

Foreign firms and individuals, supposedly having rights guaranteed by international treaties, and supposedly enjoying the protection of extraterritoriality, have been subjected to all manner of pressure by the Japanese, and in many cases have had to agree to what the Japanese call "co-operation," or face bankruptcy and going out of business. This being true, it can readily be understood that the Chinese have been pressed doubly hard and have had to pretend to "co-operate" in order to survive.

Consider the hypothetical case of a power house or a gas plant in some interior city. The plant was probably damaged during the fighting; the Chinese owners lack funds to make the necessary repairs; and Japanese soldiers are probably billeted in the compound.

If the plant was capitalized at \$1,000,000 and was making a good profit before the war, the Japanese promoters will

probably approach the Chinese owners and suggest a deal something like this:

"Let us reorganize as a Sino-Japanese enterprise, with a capital of \$3,000,000, of which we will take \$1,000,000 in preferred and \$1,000,000 in common stock. You, as payment for your damaged property, will be allowed \$1,000,000 common stock, and we, in return for our \$2,000,000 stock, will guarantee to have the military move out, will furnish money for repairs, and will obtain military permits for bringing in necessary new machinery. Of course, the new company must have a Japanese manager and Japanese technical experts, and a majority of the directors must be Japanese."

Nine times out of ten the Chinese will accept the proposal. What else can they do? They know that if they do not accept, they will lose everything in the end.

If that is co-operation, there is a great deal of it going on in China today. But the Chinese who dare to talk in confidence with foreign friends call it coercion and partial confiscation.

Specific recent examples of supposed Chinese willingness to co-operate with the Japanese are continuously given great prominence in the Japanese-language press in Shanghai.

For instance, there was heralded the formal organization of the Central China Gas Company, with a capital stock of \$3,000,000. Of this total, only \$500,000 was allotted to Chinese.

The Nanking Reformed Government, the Japanese-controlled puppet regime for Central China, ordered the

“complete reorganization” of the Shanghai Chinese Chamber of Commerce and the Shanghai Citizens Association. Both organizations, which had continued to exist in the comparative safety of the International Settlement, were accused of refusing to fly the five-barred flag adopted by both the Nanking and Peking puppet governments, and with harboring “undesirable persons.” In other words, both the chamber and the association were loyal to the Chinese Government from which they originally received charters. If they “co-operate” with the Japanese, or with the Nanking set-up, the Chungking Government will declare them traitors and outlaws and will issue a decree of confiscation against all property owned by officials of the organizations.

When, in cases like this, Japanese demands are reluctantly met, the Japanese hail the outcome as evidence of the Chinese desire for sincere co-operation. But no one is fooled, and the loss of face involved only deepens the bitterness in the hearts of the Chinese.

On occasions like the anniversaries of great Japanese victories, the Japanese press is wont to describe “enthusiastic crowds of thousands of cheering Chinese” in attendance. But it will take more than a vivid imagination to properly conceive of enthusiastic residents of Nanking having joyously celebrated the anniversary of the capture of the one-time capital by the Japanese Army. Memories of mass assassinations, rapine, arson and looting do not die so quickly.

Other Japanese propaganda concerning the present condition of the occupied areas is also misleading. Japanese Army headquarters recently gave out statistics proudly claim-

ing that many cities under their occupation are now harboring populations much larger than those before hostilities began. The figures are probably correct—and may be read in Japan with jubilation—but these increases of urban population do not mean a new prosperity nor actual rehabilitation. In cases where towns and cities have increased in size within the last year, the increase is due to the fact that the surrounding countrysides are so unsafe, or devastated so thoroughly, that the peasants have flocked to the population centers for shelter and for the meager free food doled out at refugee kitchens.

Unhappily, the most genuine cases of willing Chinese co-operation with the Japanese are caused by mistreatment of Chinese peasants and villagers by their own armed forces. Since Chiang Kai-shek's Armies have been driven far into the interior, and since the Japanese effectively hold or blockade the entire coastal regions, Chinese guerrillas have been experiencing a shortage of money, of munitions and of supplies.

One way of solving their new problem is all too often to raid or occupy villages and small towns in which there are no Japanese garrisons. They then force the inhabitants to give them food, clothing and all the money that can be found. This is called a "patriotic levy," but actually it is confiscation by force and arouses no patriotism in the hearts of a people already nearly destitute.

In disgusted revulsion against these raids of guerrillas, who more and more approximate to the merciless bandits

of a decade and more ago, the villagers and townsmen now often actually welcome the arrival and permanent billeting of Japanese soldiers. The latter treat the Chinese like conquered slaves, buy their grain with "military notes," and occasionally raid families with comely young daughters. But, after all, they do not strip the Chinese bare of the necessities of life—not quite bare, for they want them to live and "co-operate."

Co-operation has developed with rapidity between the Japanese and certain classes of Chinese—to the credit of neither. For instance, the Chinese opium and drug dealers seem to get along quite famously with the Japanese Army. And so do Chinese brothel keepers, child slave dealers, and men who operate gambling dens. These classes of parasites pay the Japanese a heavy tribute for the privilege of continuing in business, and then in turn debauch and disease enormous numbers of Japanese soldiers.

Almost no Japanese use opium or narcotic drugs. Social and official condemnation of opium smoking, with shockingly severe punishments, combine to keep astonishingly low the number of Japanese drug addicts, but they have no scruples about profiting from dealing in opiates, and probably feel at the same time that they are accomplishing a righteous task by helping thereby to keep the Chinese people enslaved.

Quite aside from the natural repugnance with which most right-minded Chinese regard political co-operation with the invaders of their country, acceptance of office in the various

puppet regimes is exceedingly perilous. There have been literally scores of assassinations and attempted assassinations of men who have accepted office under Japanese compulsion, persuasion or bribery, and there are other penalties besides the risk or loss of life.

Take the case of Mr. Fu Siao-en, now Mayor of Greater Shanghai, who holds office under Japanese protection. There have been two attempts on Mr. Fu's life since he took office. But even worse, for a Chinese, the citizens of Ningpo, his native city, have shown their detestation of Mr. Fu's political alliance with the Japanese by breaking open his ancestral tombs and strewing the ground with the broken bones of his forefathers. Moreover, all of Mr. Fu's very considerable properties, in areas still controlled by the Chungking Government, have been confiscated by the State.

It is unjust to condemn as mercenary traitors all the men who have accepted office in Japanese-created organs of administration in the conquered areas. Take the case of this same Mr. Fu Siao-en. In 1926 and 1927 he was a very wealthy and respected resident of Shanghai. Among other things he was president and chief stockholder in a Chinese company operating about two score steamers along the Yangtze and up and down the coast of central China.

At that time General Sun Chuan-fang was the all-powerful war lord of five provinces surrounding the Shanghai-Nanking area, and this General Sun fought against the northward advancing armies of General Chiang Kai-shek. Mr. Fu Siao-en permitted General Sun to use many of his ships for the

transfer of troops up and down the river, and thereby incurred the lasting enmity of Chiang Kai-shek and the Nationalists. Had permission to use the ships been refused, they would have been commandeered, anyhow.

When the Nationalists were victorious, Mr. Fu saved his own life by fleeing northward, and taking shelter at Dairen, the Japanese-controlled territory at the southern tip of Manchuria, and there he remained in exile for many years. The Nationalists "nationalized" his steamship company, and his personal loss of fortune was enormous. It is perhaps only natural that men of this type are ready and sometimes eager to take office under the Japanese, since the latter avow their "immutable intention of destroying Chiang Kai-shek."

Political assassination in China is used against high and low, and even occasionally against the families of detested office holders. It is not only the prominent puppet leaders who go in fear of their lives. Occasionally even a lowly tax collector under one of the new regimes is murdered by incensed villagers or peasants. Early in 1939 enthusiastic Shanghai golfers, bound for the Hungjao Golf Course one sunny Sunday morning, were horrified to see hanging over a bridge on Hungjao Road the newly severed head of a Chinese man. He, it appeared, had met his fate because he was over-zealous in collecting taxes in this area, which is only six miles from the business center of Shanghai.

Of course, there is a large and rapidly increasing percentage of the Chinese who deal and co-operate with the Japanese solely for profit. They see no immediate prospect

of Chinese or foreign armies ousting the invaders, and decide to make the best of a bad situation. But often they use unique arguments to justify their position.

An American missionary, who came to Shanghai from an area into which the Japanese Armies have not penetrated, tells of seeing shelves loaded with Japanese-made goods in a Chinese shop in a small city in the interior.

"Why do you sell Japanese products?" he asked the merchant.

"I do this for three patriotic reasons," explained the storekeeper, trying to "save face" and hide his embarrassment. "First, because they are very profitable, and the more money I make the more I can donate to help the Chinese Armies. Second, the goods are cheap, and the people are poor, so I am helping my own people. And third, by using Japanese-made goods I make it unnecessary for Chinese to work in factories, and thereby release a certain number of men from industry to military service."

"It takes all kinds of men to make a nation, I suppose," was the wry comment of the missionary who told me the story.

Mr. Wang Tsu-huei, who is Minister of Industry in the new Nanking Reformed Government, prepared the following written reply to this writer's request for a definition and explanation of the Chinese views on Chino-Japanese co-operation. Minister Wang is the official who, in December, 1938, gave a cocktail party at the Japanese Club in Shanghai and made a startling speech in which he warned the rest of the world that:

"America and Europe should awaken to the realization that Japan, Manchoukuo and China will be able to muster fully half of the man power of the world to compete economically with the other races," and who hinted later in his address that when "united inseparably, Japan, Manchoukuo and China" might use their colossal reserves of man power for something other than economic competition.

Minister Wang's written views of Chino-Japanese co-operation are, in part, as follows: First, upon the self-chosen topic of "The Materialistic Side of Chino-Japanese Co-operation."

"What is the immediate objective of Chino-Japanese co-operation? In the first place, what does Japan want from China? From what has been discussed in Japan, it appears that Japan's lack of resources will find greater market by enhancing the purchasing power of the Chinese people, and that Japan's population pressure will be relieved by sending immigrants to China.

"Japan's opening of resources in China will be essential to the Japanese, too, inasmuch as this will revive industrial activity in China, and thus bring economic advantages to the Chinese nation.

"As to the problem of markets, it is quite in consonance with the demands of the Chinese populace, for the supply of cheap Japanese goods to the hinterland of China means a great benefit to the livelihood of the masses in those regions where the inhabitants still maintain the simple and primitive life of several thousand years ago. You can easily imagine how the daily life of the Chinese people has been oppressed by high-priced goods from the Western nations!

"The problem of population and immigration is not neces-

sarily antagonistic to the real condition in China. Although the regions south of the lower Yangtsze River are overpopulated, yet Japanese farm immigration means the importation of modern and advanced methods of farming, agricultural tools, and seeds, and therefore it will result in enhancing the skill of the Chinese farmers, and will increase the volume of agricultural production. Moreover, when land fit for tillage, which has remained in its natural and primitive state for several thousand years, is scientifically exploited by the Japanese immigrants, it will prove a great blessing to the Chinese."

Mr. Wang Tsu-huei then indicates a new subdivision in his manuscript, and continues under the heading: "The Spiritual Side of Chino-Japanese Co-operation." Concerning this, he writes:

"So much for the materialistic side of the Chino-Japanese co-operation. What China places great stress upon is, however, the spiritual side. The most important thing for Japan to do is to spiritually attract the Chinese nation. The hearts of 450,000,000 Chinese are more important than any resources or than any great market.

"The true union of the two nations must be made spiritually. If Japan fails to win the hearts of the Chinese people, the development of resources or the acquisition of economic rights will be no more durable than a palace built on sand.

"The semi-permanent subjugation of a race by military conquest is not impossible, as is shown by the rule of the British over India, but such a rule is possible only by a Western power over a semi-civilized country in the Orient. Such a relationship should not be permitted to exist between Japan and China. Co-operation between our two nations must be intrinsically different from that between Great Britain and India. The first thing Japan should do is to win the hearts

of the Chinese populace, and all plans for Chino-Japanese co-operation must be established on this spiritual affinity between the two nations.

"To win the hearts of a people is no easy task, for it cannot be accomplished by superficial and artificial means. The most important condition for winning the hearts of the Chinese is to love them. The Japanese should heartily hope for blessings for China—her healthy growth, her peaceful life. Should this love for the Chinese pervade Japan, it will be shown by Japanese policies and behavior in China.

"I believe that the Japanese will find a great pleasure in loving the Chinese populace of 450,000,000 and their land. Nothing is more awe inspiring and beautiful than for a nation to heartily love and respect another nation.

"There are, however, certain occasions when such a love cannot be entertained by a nation toward another, however strongly they may feel it. Thanks to the Chino-Japanese Incident there has arisen a new situation that enables the two nations to love one another. Herein lies the true significance of the Incident.

"The Chinese nation, when ruled by the war lords, or by the Kuomintang regime, could not be loved by the Japanese nation. Now China, by getting rid of the war lords and of the Chiang Kai-shek regime is turning a new leaf in her long book of life. The new relations between Japan and China are being established. What Japan should seek from China is the Japanophile heart of the populace. This is the demand of the Chinese nation toward Japan. When this demand is fulfilled, all other problems will easily be solved, for they belong to mere administrative art.

"Co-existence, or co-prosperity, will come only when the minds and hearts of the two nations are joined together. If Japan forgets this fundamental condition, then any preaching on close co-operation will be simply a lone voice crying in the wilderness."

The foregoing remarkable pronouncement by a Cabinet Minister of the regime the Japanese have created in Nanking was read and approved by high officials of the Japanese Embassy in Shanghai before it was handed to this writer.

Such amiable sentiments as the foregoing may be entertained by a very small minority of the Chinese people, but sentiments much more harsh are prevalent in Japan.

The important *Osaka Asahi*, for instance, declares editorially that efforts to "win the hearts of the Chinese people, by seeking to please them, would only make them spoilt children, would not raise the Japanese in their esteem, but would only make them more insolent and more inclined than ever to look down upon Japanese as their inferiors." This editorial continues:

"Those who complain of the futility of their endeavors to make true friends of the Chinese by catering to their caprices overlook one vital truth: namely, that in order to make the Chinese bow down to us in submission, it is enough for us simply to be strong and powerful. The Chinese are a race from whom you can never expect heartfelt submission, so that you would be demanding far too much of them if you hoped that they would offer you more than forced or feigned obedience.

"The intense Chinese antipathy against Japan originates in the impression that the Japanese are not very strong, or at any rate not quite so strong as certain other Powers. Had the Chinese known how utterly invincible their Eastern neighbors are, they would surely never have launched upon a war against us. The Chinese are offering suicidal resistance in the hope and belief that some fine day a third Power will come forward to their rescue and drive the invaders out of their country. Had we made them believe that we were too strong

for them, they would most probably never have risen in arms against us.

"Even while trying to 'appease' them, then, we must above all BE STRONG, especially in our dealings with third Powers. As soon as our national strength at home (to say nothing of our military strength and morale at the front) betrays any appearance of decline, the Chinese will expect Chiang Kai-shek to stand once more at the head of his nation to offer us renewed resistance, and certain third Powers to come back to his rescue, and deal Japan a staggering blow.

"In order to purge the Chinese of all such false hopes and dreams and make them put whole-hearted trust in Japan instead, our paramount care should be to avoid any needless waste of national power and resources. And that is why I regard national strength as the first condition of success in our efforts to 'appease' the Chinese people."

With a large majority of the Japanese public, and with practically all of the Japanese militarists subscribing heartily to the views of the *Osaka Asahi*, and with an overwhelming majority of Chinese violently disagreeing with Minister Wang Tsu-huei's theory that the "Incident" opens the way for Chinese and Japanese to love one another, the much talked of era of "sincere co-operation" is probably so dimly distant that no man now living will live to enjoy the promised wonders and fruits thereof.

15.

OUT WITH THE WHITE MAN!

AMAZING roles are being played by most of those Chinese who have, for varying and usually obscure reasons, accepted high positions in the various puppet regimes that have been organized in the areas occupied by the Japanese Army.

To foreign governments, to foreign interests in China, and also to foreigners living in China, the most astonishing and most alarming of the activities of these officials is their almost incessant propaganda against the neutral American and European Powers.

Experiencing daily, as they must, blatant evidence of Japan's intention to exploit China solely for the greater glory and greater wealth of the Japanese Empire, these puppet officials nevertheless continuously attack what are grouped as "the treaty Powers," and reiterate unceasingly

their declarations that Japan is China's friendly liberator and that Japan alone can "save China from the selfish and greedy exploitation plans of the Western nations."

Since every word and deed of these puppet officials is either suggested by or at least approved in advance by the Japanese, these violent anti-foreign utterances are considered as necessarily having Tokyo's approval, and foreign diplomatic and military officials and observers in China are deeply concerned over the fact that one of Japan's basic policies seems to be to develop a rabid anti-Western prejudice in the Chinese masses.

This writer, being eager to secure an official and detailed statement concerning the degree of economic and political co-operation actually existing in Central China between the Chinese and the Japanese, asked the Japanese Embassy in Shanghai to arrange for an interview with Mr. Wang Tsu-huei, who is Minister of Industry in the Nanking Reformed Government.

This method of approach is obligatory. No foreigners are ever permitted to approach any of the high officials of either the new Nanking or Peking regimes except by going through the Japanese, and when rare interviews are obtained, Japanese observers and translators are always conspicuously present.

Mr. Wang Tsu-huei did not grant an interview. Instead, after a delay of a fortnight, he prepared a long written statement, which was transmitted to my Shanghai office through the Japanese Embassy.

Significantly enough, the manuscript was not entitled

"Co-operation Between China and Japan," but carried the heading:

"ASIA FOR THE ASIATICS"

By

WANG TSU-HUEI

*Minister of Industry in the Nanking Reformed
Government*

Here is the East Asia situation today, as Mr. Wang chooses to expound it for the benefit of the American reading public:

"China has a bright future. Present-day China believes it; indeed she lives in the future. The Chinese no longer indulge in dreams of their glorious past. A turning point is going to be made in the history of the Chinese. They believe in a bright future, and therefore they find it inevitable to demolish the *status quo*. They think that all problems must be solved by new constructive measures. Herein lies the peculiar position of present-day China.

"The true significance of the Chino-Japanese hostilities lies in the fact that China will get from them a great incentive for creating a New China. In the first place, the historical life of China, shocked by a great impulse, will be re-awakened. In the second place, the post-war union between Japan and China will produce a new world in the old Middle Kingdom. As long as we firmly grasp these two meanings and act accordingly, we can well afford to suffer from the sacrifices, however large they may be, for a new path for the new State will be opened up.

"What I fear is that the Incident will come to an end

without its real significance being fully realized. In that case the sacrifices both nations have made for the Incident will simply be wasted, and will produce no good results. Not only that, but the relations of the two nations will be worsened.

"The Japanese Government has already declared its determination not to deal with the Chiang Kai-shek regime. Then the only measure to be taken toward such a regime is to destroy it. As the destruction of the Chiang Kai-shek regime is Japan's absolute aim, so it must equally be the aim of the Chinese nation. The Chiang Kai-shek Government has been the greatest obstacle to the construction of a New China, and as long as its elements remain, in whatever form they are disguised, the birth of a New China will be well nigh impossible.

"China faces a grave problem of rise or fall. Through the destruction of Chiang's regime will be opened a path for the birth of New China. Chiang's Government relied upon Western Powers for its existence. Not that they attempted to reconstruct China by the aid of the Western Powers, but they simply tried thereby firmly to establish the foundation of the Kuomintang regime. Needless to say, China's exclusive reliance upon the Western Powers is founded upon a wrong conception of the world situation which is diametrically opposed to that of China, and of Asia at large, not to say Japan alone.

"History eloquently speaks of how the Western influence has invaded China. Of course, Chiang Kai-shek must be convinced of this fact, but simply in order to consolidate

his own political power he has tried to seek a helping hand from the invaders of Asia. As long as Chiang's regime exists, the pressure of the Western Powers upon China will not be removed.

"The process by which Chiang's political power has been consolidated is nothing but the very process by which white influence has invaded China. The more skill is shown in the art of wire-pullers in a puppet show, the more gracefully the dolls dance. This fact alone is sufficient to show that the continued existence of Chiang's regime is quite incompatible with the establishment of a New China.

"Chiang's Government has also obstructed the creation of a New China by allying with the Reds. I do not know whether General Chiang is a Communist or not, but his policy towards Communists has always wavered between pro and con, showing that in order to maintain his personal power he would be ready to utilize any foreign influence. It was therefore a matter of course that he should be allied with the Soviets when the latter were powerful. His alliance with the Comintern is a sheer act of betrayal of China. Therefore I say that the annihilation of the Chiang Kai-shek regime is *sine quo non* of the creation of New China.

"Japan has declared the destruction of Chiang's regime, blaming it as being the source of the anti-Japanese movement. Well, the important question for the Chinese nation is: why must the source of the anti-Japanese movement be exterminated?

"The answer to this question is this, that the rapprochement between the Chinese and Japanese nations is essential

for freeing the land for the Chinese, and for creating a new State. The alliance with Japan is the destiny of China. Chiang's regime and all its elements that would interrupt the cementing of these natural ties of the two nations must be exterminated once and for all.

"It is on this account that, under Japan's assistance and co-operation, we have risen to do China's part for the execution of the Chino-Japanese hostilities. Our firm conviction is that Chiang's Government will be utterly crushed, and no trace will be left on the land of New China. It is through this phase that a true significance of the Chino-Japanese Incident will thoroughly be appreciated, and then we shall be able to open the door leading to a new stage for China.

"Of course, the sacrifice both the Chinese and Japanese nations are paying is no insignificant one, and whenever I think of it, I feel my breast fill with emotion. It is our sincere desire that the hostilities should be ended sooner, but the termination of the Incident must be conditioned upon the fulfillment of the true aim of the hostilities, which is the utter destruction of Chiang's regime. Should a new state of affairs between the two nations be formed out of this Incident, the enormous sacrifices so far made will be quite light as compared with its fruits thus obtained. Even supposing a million souls have been lost by the Incident, it could be lightly borne, although not without tears, should a permanent peace be established in the Orient.

"The most important thing in the grandiose task of establishing New China is that the two nations should reflect

upon themselves, and frankly set forth their own true demands, unreservedly commenting upon their past wrong deeds.

"What are the present Chinese seeking? What will the future Chinese demand? Both the Japanese Government officials and the people should study this question. More than 70 per cent of the Chinese are farmers, and the organics of life for the Chinese mass, with an exception of the few big towns, is mostly established on agricultural production. The Japanese should, therefore, first understand the temperament of the Chinese farmers.

"A decade ago, when the nation, regardless of classes, was oppressed by the Western Powers, or squeezed by the provincial war lords and landlords, they all wished every success for the revolutionary cause, for they believed that the victory of the revolutionists meant the cessation of internal wars, and peaceful life as well as perfect economic independence.

"It was on this account that the general masses in every nook and corner, whether young or old, heartily welcomed the success of the revolutionary cause.

"Now what has the national revolution brought to the Chinese nation? It simply gave to the people conditions worse than those existing before. The Kuomintang's dictatorship with an unreasonable ideology was established and the land's treasures were sold to the West. The so-called revolutionists indulged in luxurious life with the wealth they had squeezed from the general masses with a method far more atrocious than that resorted to by the war lords

and land owners whom they had driven out. They did not fulfill their promises to the people for creating a new State.

"Meanwhile, Comintern influence invaded the whole country by taking advantage of the miserable conditions of the agrarian population. The masses who were in the border regions between the Communists and the Kuomintang met with the most miserable fate. When a Communist Army invaded, the farmers had to extend the hand of welcome to them, otherwise they might have been slaughtered as anti-revolutionists. When Kuomintang troops arrived, they would then be butchered as Communists. This state of affairs lasted about ten years, and the masses now hate both the Kuomintang and the Reds. What they seek or will seek is a new power (and not either the Kuomintang or the Reds), a peaceful life, and a new State that assures them freedom.

"Just imagine, for the sake of argument, that the Japanese Army was defeated by the Kuomintang troops? What would have been the outcome if the Kuomintang Army had succeeded in driving the Japanese troops out of the land? The loss China would suffer might have been many times greater than that suffered by Japan. For the powers behind the scenes, which had been wire pulling the Kuomintang, might have raised their heads. They would have demanded exorbitant prices for their material assistance. These prices the Kuomintang could have paid only by sacrificing the State and the nation, with the result that within a year China might have been placed in a state of serfdom.

"Then the victory of the Chiang Kai-shek Government

and the Kuomintang troops means the defeat of the Chinese nation. In this respect the interests of the Chiang Kai-shek Government and the Chinese nation are diametrically opposed.

"I am a Chinese citizen, and not behind any patriot in loving the land. How can I desire that Chinese troops should be defeated by their enemy troops? But I am firmly convinced that Japan is not our enemy. It is the Chiang Kai-shek regime that fights Japan. When Chiang's troops are defeated, it means no defeat for the Chinese race. I deeply feel that Japan's victory over Chiang Kai-shek's regime has been accompanied by the brilliant results that even Japan herself did not dream of.

"If during the past half century powerful Japan had not appeared on the horizon of the Orient, China might have shared the same fate as India and Annam.

"The European Powers, after making India, Annam, and the South Sea Islands their own protectorate of territories, extended their avaricious hands to the land of China. That was the Opium War. The situation in Europe at that time simply prevented the Powers from invading China as they liked. And thus China had a breathing space, when the new power of Japan made its appearance.

"Japan may not have engendered an idea of opposing the European Powers for the protection of China, but the enhancement of her national strength had the effect of preventing China from suffering a European invasion. Although important points along the coast were made European territory by names like 'Settlement,' or 'Concession,'

but it was fortunate for China that the European invasion did not proceed farther. When this situation is viewed from Japan's side, it may be said that if China were partitioned by the European Powers, and lost independence, Japan herself could not have enjoyed peace.

"Japan has achieved her present development simply because she has prevented China from being partitioned.

"It will be seen that the co-existence of the two nations is historically destined. Now to this destiny a new recognition must be given, for it is the path the two nations have to tread in the future.

"The birth of New China, and the new alliance between Japan and China, presupposes the next phase, which is that the two nations start the ideal of a New Asia. 'The ideal for Asia' is the word that quite enamors us amidst the din and noise of the Chino-Japanese warfare. Ideals for human beings, and ideals for the world, are what we are constantly seeking to be realized, but when we want to grasp an ideal emanating not from an impractical idea, but from a practical one, such an ideal must be the 'ideal for New Asia.'

" 'Great Asia, east of Suez, which brings up the people of 600,000,000.'

"It was a mere poem in former days, but this ideal for Asia has now been laid before us as a practical proposition. The real significance of the Chino-Japanese Incident can be realized only by fulfilling these aspirations toward the ideal for Asia.

"A shot fired at Lou Kiao-chou gave an impetus to the present hostilities, and was the first step the two nations

took on the path leading to the final goal in the form of the ideal for Asia, which is the construction of a New Asia for Asiatics, an Asia not distorted by the Western capitalists.

"The harbingers of this movement must be the allied people of Japan and New China. The union of the two nations will exert no real merit without fulfilling the ideal for Asia. The whole of Asia must have a definite direction; a final goal. The continent of Asia shall have a new ideology—political, economic and cultural. Asia shall have a new conception of the world. All problems regarding politics, economics, science, races, religions, ideas, must be considered from a new standpoint.

"The ideal for Asia is not merely materialistic; it is spiritual as well. The imperishable soul of Asia, which has been entertained by Asiatics for time out of mind, in their spiritual life, must be called forth, and be made the guiding principle of daily life for the whole of Asia. This is the ideal for Asia. Japan and China alone share the spirit of Asia, for the spirit of Asia can be found only in these two nations alone. By giving to this spirit pride of place we must ensure the independence of Asia both materially and spiritually."

The foregoing remarkable exposition may be taken as the best that Japan and the new Nanking regime can offer to the Chinese people, and to the rest of the world, in justification for all the strange developments that are being recorded under the puppet regimes.

It is pretty weak broth.

16.

"SO SORRY FOR YOU"

I REALIZE that the term "Japanese spy" has come to be a national joke in America. And it is true that the Japanese spy, even in the Orient, does have his comic as well as his highly exasperating aspects. But now that most of China's coastal provinces have been overrun by the Japanese Armies, and most of China's great cities are held by the invaders, the spy organization is spreading and enlarging. As far as the Chinese people are concerned, the fear of Japanese spies is developing into a whispering terror. And even the foreigner in China finds the activities of these omnipresent and fumbling sleuths something to worry about instead of a never-ending source of quips and scornfully humorous anecdotes.

But the spies furnished good fun until they had the Japanese Army on Chinese soil as active backers. Typical of the

kind of incident that furnished both foreigners and Chinese a subject for hilarity was the bad time an American occasioned the spy system during a trip across Korea and into Manchuria—Manchuria before the days of Manchoukuo.

The American in question, George Spengler, was and still is the Far Eastern representative of a firm of American builders of locomotives and other huge railway equipment. And—which adds point to the story—Mr. Spengler himself is huge, more than six feet six inches in height, with proportionate breadth of shoulder and weight.

Like so many big men, Mr. Spengler has an equable and fun-loving disposition, and his sense of humor was apparently working overtime one morning when he disembarked from a steamer at Fusan, at the southeastern end of Korea, and boarded a train for Mukden.

Seating himself on the shady side of the rear platform of the observation car, Mr. Spengler began to read a magazine. The train had gone only a few miles outside Fusan when a middle-aged, civilian-clad Japanese emerged from the car, perched precariously upon a folding stool, and began a covert scrutiny of his fellow traveler. Passport officials came out, asked the usual interminable and pointless questions, and then went away. Suddenly the Japanese broke the silence, speaking in a halting Russian.

"Do you," he inquired, "also speak Russian?"

"Only very little," Mr. Spengler replied, in the same tongue, not having enough of a vocabulary in that language to explain that he knows at most one hundred words.

“Ah-ha!” the Japanese exclaimed, switching to English. “Then you are a Russian?”

“Not at all. I am an American,” Mr. Spengler explained with tolerant patience, realizing that he was being baited by a stupid spy.

“Well, but you speak Russian.”

“And you speak English. Are you an Englishman?”

This confounded the little Japanese. Several times he muttered, “Ah, so!” under his breath, and then hurried away. At the next stop he sent a telegram, and an hour later half a dozen gendarmes boarded the train. They ordered Mr. Spengler into a compartment, declared he must be a Russian spy, and charged him with traveling under a forged American passport.

Korean scenery has long been an old story to Mr. Spengler, his magazine was rather dull, and so he decided to have a little fun. As the barrage of questions continued, he first appeared worried, then assumed the mien of a desperate man being cornered, and finally he pretended to break down.

“I will tell you the truth,” brokenly confessed this large and virile picture of perfect health. “I am General Debility.”

Tableau. Stunned silence. Then six simultaneous indrawn hisses from six goggle-eyed gendarmes.

What a catch! A Russian general, doubtless a great spy, traveling through the Japanese Empire on a forged American passport!

Lengthy telegrams were sent to Seoul, to Tokyo, and to

Mukden, whenever the train came to a halt. More gendarmes climbed aboard. The corridor of the compartment car was guarded. The "prisoner" was chaperoned to the dining car. Gendarmes sat wakeful in his compartment while the American locomotive salesman slept the night through as though he had not a single sin on his conscience.

Japanese jubilation lasted until the train pulled into the railway station at Mukden. There, on the platform, lined up to accord a hearty welcome to "General Debility," with whom they had placed millions of dollars' worth of orders during the past decade, were several high Japanese officials of the all-powerful South Manchuria Railway.

The gendarmes and the railway officials exchanged a few excited sentences, and then the crestfallen spies melted into the crowd. The officials, feeling that Japan had "lost face," only bowed the more deeply while intoning the old stock phrase, "So sorry for you."

And then there was the delectable adventure enjoyed by the American wife of an American Army general—General Gambitt, I shall call him, though that was not his name.

The General was a member of an important international commission that toured the Far East some years ago. The Japanese were vitally concerned in the findings that the investigators might publish to the world, and though they entertained the commission members lavishly, they put all possible obstacles in their way and even intimidated would-be witnesses.

In one far-northern city the espionage to which commission members were subjected was so obvious and so flagrant

that General Gambitt would not talk to me in his hotel.

“The place is wired, I know,” he told me. “There are microphones in my bedroom and in my sitting room. Let’s outwit them by taking a walk together every day from noon until 12:30.”

The temperature was down around zero, the northern winds cut as sharply as blades of grass or thin paper, the glazed snow afforded bad footing, but every day for a week General Gambitt and I walked together in the inclement weather and exchanged impressions.

One evening I met Mrs. Gambitt in the lounge of the hotel. She was bubbling with suppressed amusement. Here is her story, almost verbatim, as I wrote it down in my diary the next day:

“The General and I have felt all week that our personal effects were being shroffed over every day by spies. Yesterday I arranged letters and papers in a certain sequence, and last night we found them not only disarranged but with smudgy thumbprints on several envelopes. Of course, we never left anything of the least importance where it was accessible, but we have resented these spy activities, particularly since we are guests of the Japanese.

“This noon we had just ordered our tiffin, when I had a sudden attack of woman’s intuition, or something, that our rooms were being searched. I left the table in the grill, almost ran upstairs, and let myself into our sitting room, the door of which was locked.

“There, leaning over the General’s desk, was a Japanese in the blue trousers and white coat of the hotel service.

“‘Boy-san, what are you doing?’ I demanded. He was startled, of course, and in very broken English stammered something about cleaning room.

“‘It’s about time,’ I said. ‘The place is filthy. Suppose you begin with the floor, and then dust off the tops of all the pictures and of the molding.’”

“He seemed at a loss for a moment, and then said he would get another room boy to help with the work. But I planted myself against the door, and said, ‘No, do it now, and hurry.’”

“I kept him busy at menial tasks for nearly twenty minutes, and then I began to fear that the General would come looking for me and spoil my fun. So I dropped pretense, and said:

“‘Thank you, Captain Yamamoto. I remember you very well, having met you many times in Washington when you were under the military attache of your embassy to my country. You may go now, and let this be a lesson to you.’”

“‘Ah, yes. Very clever. So sorry!’ said Captain Yamamoto, bowing himself out as I stepped away from the door.

“And,” added Mrs. Gambitt, “I’ll bet he doesn’t show his face around here again.”

She would have won, hands down, but there were no takers.

This kind of thing was very funny in China before the Japanese armies hoisted themselves into the saddle in this hapless country. The whole organization, now, is like cavalry; and, especially since the recent American and British

loans to the Chiang Kai-shek Government, the Japanese are riding roughshod over the supposed liberty of movement and action of Americans and Britons.

Among the most puzzling phases of the situation are the mysterious inter-relations of the spy organization. Apparently relatively important army officers—witness the man called here “Captain Yamamoto”—are often detailed to spy work, co-operating with ignorant and uncouth operatives who, because they wear no uniforms, cannot be identified beyond the loose characterization of “gendarmes.” Sometimes these supposed gendarmes are really Army or Navy officers or non-commissioned officers, sometimes they are consular police, and again they may be members of the so-called Special Service Section of either the Army or the Navy.

No one, except a handful of very highly placed Japanese, knows any of the details of the organization of the spy ring, or of the size or scope of activities of the so-called gendarmes. Apparently the very elastic Special Service Sections of the Japanese Army and Navy include all manner of dubious men working for dubious ends. In Shanghai, when the American Marines caught armed Japanese red-handed in the American defense sector, and were forced to club them into quietude before they would submit to arrest, the first plea made by the Japanese authority was that the culprits were “gendarmes employed by the Army Special Service Section.”

Asked if the men were soldiers, the Japanese replied,

"Well, not exactly." And that was as far as they would commit themselves, except to admit that such men "occasionally" work under Army direction.

The spy mania rages all through Japan, Korea, Formosa and Manchoukuo. It is a frequent experience for a traveler on Japanese trains, or even on a railway-station platform in Korea and Manchoukuo, to have a Japanese, not in uniform, approach and ask impertinent questions. If the traveler says: "What business is it of yours?" the questioner will usually assume an arrogant manner and declare himself to be a gendarme or a passport inspector. But nine times out of ten, if the traveler asks his questioner to show his credentials or some token of authority, the Japanese will skulk away. Presumably, he is merely some over-officious and curiosity-bitten civilian who hopes to ingratiate himself with the authorities by turning in some valuable bit of information.

As a rule, it is impossible to trace to any source the authority and prerogatives which these nuisances arrogate to themselves.

In 1932 I employed a correspondent in Manchoukuo who incurred the ill-will and suspicion of the Japanese by making a perilous trip into the mountains to see General Ma Chen-shan, a Chinese commander who had earned the particular detestation of the Sons of Nippon.

First of all, General Ma had made himself something of a Chinese national hero by checking the northward Japanese advance on the Nonni River, south of Tsitsihar, in western Manchuria.

Many months later, the Japanese Army high command in

Manchuria officially announced that General Ma Chen-shan had been killed when his headquarters, in the trackless mountains northeast of Harbin, was subjected to an airplane raid. The Japanese Army made the supreme blunder of reporting General Ma's demise to the Japanese Emperor, and of offering to the Throne, as proof, portions of what was supposed to have been the Chinese leader's torn and blood-stained uniform.

General Ma's extinction was ardently desired by the Japanese military, for they held that he had played them a scurvy trick. After sustaining a disastrous defeat, Ma Chen-shan had pretended to surrender, had avowed his support of the Manchoukuo regime, and had then been made Minister of War in Emperor Kang Teh's puppet government. But Ma was only biding his time, and one fine night he fled from the Manchoukuo capital, Hsinking, taking with him about two score fine army trucks, two million silver dollars, and several thousand rifles that the Japanese had given him for the Manchoukuo Army.

It was after this exploit, which caused the Japanese to squirm under the derisive smiles of foreigners and Chinese, that my correspondent went to General Ma's lair in the mountains. When he returned to Harbin, the Japanese, ignoring extraterritoriality, tried to arrest him, accused him of carrying messages to Ma from the then Nanking Government, and also charged that he was an intermediary between General Ma and the Lytton Commission, which had been sent to Manchuria by the League of Nations.

The American Embassy in Peking, Lord Lytton himself,

the Nanking Government, *The New York Times*, and the Shanghai bureau of *The New York Times* all denied these charges, but the Japanese military egged the Manchoukuo Government into demanding the deportation of this correspondent for "subversive activities." For four days he was forced to reside in the American Consulate-General at Harbin, in order to avoid arrest.

Finally the Japanese realized that they were making themselves ridiculous, and then they dropped the whole proceeding. But the day this correspondent emerged from the American Consulate-General he was visited by two Japanese plain-clothes men, who refused to produce credentials.

They attached themselves to him, saying: "We are here just for your protection. We know you are not anti-Manchoukuo, but Manchoukuo doesn't know this. So we are here just to protect you from Manchoukuo's vengeance."

This protection consisted of shadowing the poor chap night and day, of opening his mail before he had a chance to read it, of looking over his shoulder whenever he tried to write a cable, an article or a letter, of sleeping on the floor of his room at night, and even of following him into the bathroom.

These valiant protectors accompanied my man from Harbin to Hsinking, from Hsinking to Mukden, and from Mukden to Dairen. But one hot summer day in Dairen he outwitted them. His letter, already yellowed by time, tells the story:

"My two protectors are in the room here, as always. And they take turns peering over my shoulder as I type this to

you. But they read little English at best, and just now are not at their best. I've cajoled them into drinking two bottles of beer apiece, and they are now red-faced, almost maudlin, and on the verge of slumber. When I'm sure they are sound asleep, I'll write the desired article on — and then give it to an American who is going to Shanghai on today's steamer."

When the guards wakened from their alcoholic stupor, their quarry had gone. And when he returned to his hotel room three hours later, the guards had vanished. He never saw them again, and they were not replaced. So much "face" had been lost by the Japanese that less open methods of espionage were adopted thereafter.

But these are tales of the good old days, before the beginning of what the Japanese humorlessly call "the present incident." Today, heady with a feeling of power and triumphant military achievement, and smarting under almost universal adverse criticism and "lack of sympathetic understanding," the lower and more ignorant ranks of the military and the spy organization have become insufferably arrogant and meddlesome.

On October 6, 1938, *The New York Times* published one of my news dispatches, which told a few unpalatable truths about the methods and activities of Japan's spies, and this so agitated these gentry that they ventured upon a piece of impertinence so gross that I demanded, and received, official apologies from their Embassy, from their Consul-General in Shanghai and from a colonel and a major who were then responsible for spy activities in Shanghai.

It all began over a short trip to Kobe, made entirely for personal reasons. My mother had been spending the hot months at Unzen, a cool mountain resort near Nagasaki, and was to go to Honolulu for the winter. We arranged that I was to sail from Shanghai on September twentieth, on the *Empress of Japan*, and that she was to meet the ship at Kobe on the twenty-second. I planned on sailing with her as far as Yokohama, and then returning to Shanghai while she went on to Hawaii in the same steamer. These innocent details should have been known to Japan's spy circles, for my letters to Unzen all bore signs of having been opened and clumsily resealed by the Japanese censors.

Mother is one of the last persons in the world to be mistaken for a spy. She weighs ninety-four pounds, and with the aid of high heels attains almost to the regal height of five feet—a height topped by masses of magnificent white hair that looks like spun sugar. She had been living quietly at a Japanese-owned hotel at Unzen for more than three months, and though there was every reason to feel that she should be able to travel by rail to Kobe, a twenty-four hour trip, without being molested, nevertheless, I arranged to have an English-speaking Japanese woman accompany her.

And that was a fortunate precaution, for scarcely had mother boarded the train before the spies were upon her. They cross-questioned her when she left the train at Moji to cross by ferry to Shimonoseki. They cross-questioned her on the northern shore of the strait. And the same men asked the same questions when, around midnight, she boarded the

train that was to land her at Kobe at six o'clock the next morning.

Not content with this virtual persecution of the only foreigner making the trip that day, they aroused her several times during the night for repeated passport examinations and questioning. And here is the inane quizzing to which she had to submit with such patience as she could muster.

“Your name is Mrs. Kittie Bradbury?”

“Yes.”

“American?”

“Yes.”

“Ah, so! Were parents Americans, yes?”

“Yes.”

“You say you meet son, Abend-san, at Kobe?”

“Yes.”

“Son name Abend, you Bradbury. How?”

Long explanations, received with obvious incredulity.

“Son newspaperman, work for *New York Times*?”

“Yes.”

“What kind of thing he writes?”

“News.”

“Why?”

While the small parent was being subjected to this sort of thing, I was having none too happy a time in Kobe at the Oriental Hotel. For I had discovered that if I went on to Yokohama I could not make connections with the steamer that was to take me back to Shanghai, so I had canceled my ticket and rerouted the trip to leave Kobe for Shanghai by the steamer *Carthage*.

Ah, strange! Suspicious!

So strange and suspicious, in fact, that the Kobe gendarmes forced the hotel room boy to let them into my room. I returned inopportunately and found two of these gentry going through the pockets of my clothes. They refused to produce credentials, so I treated them as if they had been sneak thieves, ordered them out, berated the poor, helpless room boy, and complained volubly to the terribly embarrassed hotel manager.

Then I did a little sleuthing myself, and twice the same day caught the room boy using his pass key to admit other gendarmes to my bedroom.

Whatever other virtues they may lack, the Kobe gendarmes have the virtue of persistence. For that afternoon, when I was taking a nap, I was wakened by the rattle of a key in the door lock. Not moving, and keeping my eyes closed, I waited until I heard stealthy steps in the little entrance hall to my room, when I bounded from my bed in what I meant for a simulation of an enraged tiger. Room boy and spy sustained painful bruises when both tried to rush out of a rather narrow doorway at the same time.

Aboard the *Carthage*, I wrote a news cable about these experiences, mailed it in the ship's post office, addressed to my correspondent in Hongkong, from where it was cabled to New York. But it appeared under a Kobe date line, and this fact befuddled the gendarmes, who could not figure how the item had escaped suppression by Kobe cable or mail censors. The following two paragraphs irked them particularly:

“The worst feature of this shadowing, which amounts almost to persecution, is the fact that it is done by ignorant, arrogant men who speak little English and are able to understand only the simplest answers, phrased in words of one syllable.

“All foreign residents of Japan, except Germans and Italians, also complain of the constant espionage, interference with their letters and telephone calls, and bribery of their servants.”

One of the main activities of Japanese Embassies and Consulates abroad seems to be to spend a vast amount of money cabling to Tokyo most of the news items and editorials pertaining to Japan that appear in foreign newspapers. And my Kobe cable was no exception.

I told no one in Shanghai of my unpleasant Kobe experiences, or of mother being harried clear across Japan, but on October ninth several of my Japanese friends, diplomats and Army and Navy officers approached me with expressions of regret over the series of annoyances.

“Why didn’t you tell us you were going to Japan?” they lamented. “We would have cabled to Kobe, and then you would have been well treated.”

“I didn’t want special treatment, but had a fancy to see how the average foreigner is being handled in your country,” was the explanation I gave, which seemed to disconcert them as greatly as did the grin of amusement with which it was accompanied.

But this was only the beginning. On the morning of October twenty-seventh my office telephone rang. A Japanese

who said he was a gendarme asked how long I would be in the office, and said he would "like to make a call."

Half an hour later, two Japanese arrived. Neither one was in uniform, and only one of them could speak or understand English. My office boy took their hats and topcoats, I seated the callers and proffered cigarettes. The visitors seemed to be in a bland and friendly mood, commented upon the weather, and expressed great admiration for some of my Chinese paintings on the walls.

Then their manner stiffened. They talked briefly together in Japanese, sat forward on the edges of their chairs, assumed a stern and rudely inquisitorial manner, and the one who acted as interpreter said:

"We are gendarmes, and we have come for information."

"Yes? What would you like to know?"

"We demand to know how you get your news out of Shanghai."

The word "demand" irked me, but I attributed the use of the term to language deficiency, and did not lose my temper.

"Why, by cable, mostly, of course."

"Ah, so. Cable? What cable?"

"The regular cable office, only two blocks away," I replied. "You should know that; you have Japanese censors in the cable office."

"Where do you get your news?"

This was going a bit too far, I thought. "Who are you?" I demanded. "Who sent you here? What is your business, and where are your credentials?"

"We demand to know your news sources. What are

they?” the spokesman countered, with unshaken effrontery.

“Show me your credentials, or get out of here. By what right are you intruding into my office in the International Settlement, and south of Soochow Creek?”

Reluctantly, then, the non-English-speaking gendarme produced a card, but the interpreter professed that he himself had none.

The card read:

K. HIRANO
Intelligence Department of Japanese
Gendarmerie Headquarters, Shanghai.
Bridge House,
455 North Szechuan Road
Tel. 46255-6.

By this time I was so furious that my hand shook when I went to the telephone and dialed the number for the Japanese Consulate-General. Mr. Masuyaki Tani, Japanese Minister-at-large, was out of the city, and Mr. S. Hidaka, the Consul-General, was not in his office. Finally I was connected with Mr. S. Kita, official spokesman and public-contact official for the Japanese Embassy, which is maintained with a full staff, although the last ambassador was first recalled and then resigned.

Mr. Kita is a diplomat, a polished gentleman, and my very good friend, but I fear I was neither diplomatic, gentlemanly nor very friendly.

“Kita,” I barked at him over the telephone, “there are a couple of your nosy snoopers intruding into my office. They are attempting an intimidating cross-questioning, and I

won't stand for it. I demand three things—to know who they are, to know who sent them, and to receive an official apology.”

Mr. Kita asked if he could speak to the intruders, and there ensued two lengthy conversations in Japanese. At first my callers shouted truculently into the telephone, but soon their manner changed. They finished their conversations in a state of obvious embarrassment and turned to me murmuring something about “very sorry . . . all a mistake . . . apologize.”

“I'll listen to no apologies now. You'll call on me at some appointed time, with superior officers, and make a formal and an official apology,” I said, flinging their coats at them, and opening the door into the outer hall. “Now get out of here, and get out in a hurry.”

For a minute it looked like a fight. They reared back beligerently and glared unbelievably at the angry foreigner.

“Get—quick!” I exclaimed, with a sweeping gesture toward the door. And they got out.

Ten minutes later I made a telephone connection with Consul-General Hidaka and demanded an immediate interview, to which he assented. Then I telephoned to Mr. C. E. Gauss, the American Consul-General, and asked him if he would file a formal protest. He likewise assented and laid an official written complaint before the Japanese authorities that afternoon.

Mr. Hidaka was sincerity itself. He apologized profusely, promised an investigation and further apologies. The Consul-General then sought to excuse the affair by explaining,

as do all highly placed and cultured Japanese, that their gendarme and spy forces are “made up mostly of very ignorant and rude men, who have no capacity for judgment.”

Mr. Kita had good reason to realize the caliber of my gendarmes, for weeks later I learned that when they were first talking to him over my telephone, they actually presumed to threaten him, and said roughly, “Since you are interfering, it will be your turn next to be questioned.”

This from a sergeant-major of gendarmes, which was Hirano’s rank, to an Embassy spokesman!

It is curious that although practically all educated and mannerly Japanese frankly admit the uncouth character of most of their spies, their soldiers and their underlings generally, yet no apparent effort is made to choose competent, disciplined or well-trained men for jobs which involve public contacts.

After the sack and rape of Nanking, in December of 1937, General Matsui, then Commander-in-chief of the Japanese Army in Central China, sadly admitted to me that “The Japanese Army is probably the most undisciplined army in the world today.”

And Lieutenant-General Tada, now occupying an exalted position in Tokyo, when apologizing for the jeering rudeness of sentries at his then garrison headquarters in Tientsin, tried to explain away the unpleasant incident by saying:

“Mr. Abend, you must realize that most of these young soldiers are just wild beasts from the mountains.”

The development of my own fight with the nosy gendarmes took a surprising turn the afternoon after my inter-

view with Consul-General Hidaka. My home telephone rang, and when I answered, a Japanese staff colonel, one of my particular friends, and a man for whom I have a warm liking and high respect, asked when he and the culprits might call to express formal apologies. I exclaimed in surprise, and asked the Colonel how he happened to be mixed up in the case, and he replied, with considerable restraint, that he was "directly responsible for gendarme activities in Shanghai."

The next morning at eleven o'clock, the hour I had chosen, my friend, the Army Colonel, a Major of the gendarmerie, and the two culprits who had "demanded" information from me, made their formal call. No one of the four was in uniform, but the Major wore striped trousers, gray spats and a morning coat.

With painful formality, they lined up, the Colonel at the left, then the Major, then the interpreter, and next Sergeant-Major Hirano. They stood rigidly at attention, facing me, bowed in unison, and the Major began to intone in Japanese while the Colonel interpreted for him.

The set speeches of apology lasted for just six minutes, but the solemnity of the occasion and my own stern-faced "front" were almost ruined by my two Scotties, Roderick Dhu and his half-year old daughter, Sheila. They walked in, stiff-legged with suspicion, sniffed at all four pair of strange legs, and then jointly decided that the embarrassed Major must be a good fellow—or else that he must be prevented from making a pass at me.

Roderick sighed, lay down, and put his chin on the Ma-

jor's right foot; Sheila imitated her parent, using the Major's left foot as a pillow for her black and fuzzy muzzle. Then both dogs watched me with unwinking stares.

When the apologies were completed, I made a little speech of my own. I pointed out that Japan was attempting to accomplish a tremendous and very difficult job, and that she must use only the best and most reliable of human tools. Men like those who had invaded my office, I pointed out, were worse than useless to Japan—in fact, I stated unequivocally my conviction that they were individually and collectively liabilities to the Empire.

“You'd better put them into Army uniforms; maybe they would be shot in battle,” I advised, “and thus conserve the lives of two more useful men.”

I spoke at considerable length, and with unmistakably deep conviction. When I had finished, I was satisfied that my diatribe had been fully translated, for the two intrusive gendarmes were of an apoplectic red, their fists were clenched until the knuckles showed white, and their necks had swelled to such dimensions I feared their collars would burst.

With a final stiff bow, the quartet turned toward the door, but I halted them. It was not my intention to let them leave under the impression that I nursed a grudge, or that I attached undue importance to the whole affair.

I asked the Colonel and the Major to tarry awhile and join me in a friendly whisky and soda.

“You see, gentlemen,” I explained, “I harbor no ill-will. I insisted upon this painful apology solely to teach your

underlings a much-needed lesson. I think that after this all your men will think twice before they try to intrude upon the rights and privileges of foreigners. And if your organization planned similar calls upon other correspondents; if, as I suspect, this was just the beginning of a campaign to intimidate the representatives of the American and European press, I feel that I have been of service by showing you the futility of such a plan."

The two officers walked into the larger of my two living rooms, sat down and drank their whisky-sodas. The Colonel's expressive eyes twinkled at me over the rim of his glass, but the Major swallowed his drink as though he had a sore throat. In the adjoining smaller room, the two culprits sat, silent and uneasy, on the edges of chairs, and stared at each other with some hostility, I thought. But maybe they were just envious and thirsty, for when I asked the Colonel if the two bad boys should be offered tea, he seemed shocked, and exclaimed "Oh, my goodness, no!"

There has been no aftermath, but some weeks later I received five mysterious telephone calls on two successive days. In each case the same male Japanese voice said the same thing: "This Abend-san? Yes?"

"Yes."

"Ah, so. You . . . better . . . look . . . out!"

Click!

With Japan holding China's coastal provinces, and in military occupation of most of the country's great cities, the activities of Japan's spies and gendarmes are spreading everywhere. The personnel of these organizations never av-

eraged high in quality, in education or in judgment or tact. And now, as the organizations are being rapidly expanded, the average is falling to ever-lower levels.

Travel in Japan, in Korea and in Manchoukuo is already a vexation and a trial to patience, and travel in China, at least while hostilities continue, will be even worse.

Life for foreigners in most of Eastern Asia is today harassing and often more than a little risky. But after all, Americans and Europeans can derive some amusement from the absurd antics of some of the spies, and if they become too annoying, foreigners can always appeal to their consulates or embassies.

But the Chinese have no one to whom they can appeal. Imagination recoils, aghast, at what Chinese men and women must endure in places in the interior, where there is not even the mild deterrent of foreign witnesses and criticism.

17.

"WHOM THE GODS WOULD DESTROY—"

IN THE autumn of 1938, when island after island of the Japanese Empire suffered from typhoons, floods, earthquakes or volcanic eruptions, many of the older heads were shaking with dire forebodings. Were the Gods angry with Japan, they asked one another in scared whispers. Was Japan about to be destroyed?

In 1939 there were fewer natural calamities, but if there is any truth in the old adage that the Gods first make mad those whom they intend to destroy, then the older heads had better begin their conjectures again. For since early January, when Prince Konoye surrendered the Premiership to Baron Hiranuma, the public declarations of Japan's leaders—military and civilian—have become progressively more fantastic in tone and in content.

The psychology of Japan's leaders is being curiously affected by a strange combination made up of a sense of frustration concerning their China campaign, constant and harassing fear of a frontal clash with the Soviet Union, a depressing realization that Japan has lost the good opinion of the world and her place of honor among nations and secret doubts of the strength of the Tokyo-Rome-Berlin axis.

The result is a new type of war-madness, a new form of arrogance. The chip-on-the-shoulder attitude, probably a subconscious device for allaying growing secret doubts and fears, is causing the Empire's leaders to preach to the people of Japan the dangerous doctrine that although nearly every man's hand is against the Japanese, nevertheless every power fears Japan's supposedly invincible might, and that none will ever dare to challenge the nation's "immutable policies." This means, of course, that "the Army is in the saddle" in Japan. For it would be unthinkable for any except an "Army man" to occupy a position of power or prominence in the Japanese Government today. And regrettably, the Japanese Army is potentially more of a menace to the peace of the world than Hitler and Mussolini combined.

The two major European dictators are, after all, men of wide experience in close touch with the affairs of the world. They are neither ignorant nor insular. They have power, and they know the measure of that power and the preponderance of their individual and combined air forces, the numerical strength of their armies, the smashing power of their artillery.

Compared with the daring and insolent political machinations of Europe's dictators, the Japanese Army is bluffing on two small pair. Where Hitler and Mussolini know the ratio of British and French air fleets to their own, the Japanese Army does not seem to be informed on how often two small pair have bluffed disastrously against three-of-a-kind or better. And the chips in this terribly reckless game of poker being played in the Orient are not mere markers. According to colors, they represent hundreds of thousands of lives, millions of homeless civilians, reduced standards of living and war debts that will require the labor and the self-denial of at least two generations for repayment.

Self-bred truculence, the delusion of invincibility and ignorance combine to make the Japanese Army the menace to the world that it is today. And it is probably ignorance that bulks most largely in this dangerous trinity.

Officers in the Japanese Army are, in the main, serious, high-minded, underpaid and hard working men. They are super-patriotic, are imbued with the convictions of Japan's greatness and with the glory of her destiny, and are fanatically devoted to their Emperor. But for years, until they are advanced at least to the rank of Major, they are kept so grindingly at their military education that they know almost nothing of the rest of the world.

Except for minor excursions of small forces to the Asiatic mainland, it is safe to say that until the present undeclared war with China was begun, not one Japanese Army officer in twenty had ever been beyond the borders of the little islands that make up the Japanese Empire. Their noses had

been buried in books and maps, and only an unimportant minority had ever seen America or Europe. This minority was made up mainly of military attaches to embassies and their aides, and of the mere handful of Army officers attached to various traveling missions.

The Japanese Navy presents an entirely different face. All cadets make long training cruises and see enough of the world before they become officers to make them realize that Japan is not the mightiest power in the world today. The Navy personnel is less than one-tenth the size of the Army personnel today, and is made up of picked men. They are, on the average, of better family backgrounds, are better educated, are better informed on world affairs, and are incomparably more urbane than are corresponding ranks of the Army. They are no less patriotic, no less earnest, no less devoted to their Emperor than are the Army men of equivalent ratings, but they know a thing or two the Army is totally ignorant about.

Of course, today, facing a common difficulty in China, and faced with almost world-wide condemnation, the two armed forces of Japan are working more in harmony than ever before, but the Navy still feels its superiority, and the Army smarts under that attitude.

There have been many Japanese Admirals in Shanghai in various capacities since the hostilities began, so the following illustrative anecdote can be told without getting any one of them into hot water.

It happened that the commander of one of the Foreign Defense Forces of Shanghai started out to pay a courtesy

call upon a Japanese General who was headquartering in Hongkew, on the north side of Soochow Creek. The Japanese control the bridges, and the foreign commander was subjected to gross discourtesies by Japanese sentries on Szechuan Road bridge, though he was in formal uniform and flew his own flag on his automobile.

Official complaints were made, and the matter came to the attention of this particular Japanese Admiral, who called upon the aggrieved commander.

"At which bridge were you insulted?" the Admiral inquired.

"Szechuan Road bridge," said the commander.

"Ah, well," said the Admiral, with a regretful shrug of the shoulders, "I am sorry, but after all you should know better. The Army controlled that bridge then. Why did you not use Garden Bridge, where my men were in control?"

Unhappily, with the Army so completely in control of the Government at Tokyo, pro-Army and anti-Army factions have developed within the Navy itself, and today it would be impossible for anyone to be Minister of the Navy who did not share, to a great and dangerous extent, the prejudices and convictions and policies of the leaders of the Army.

Baron Kiichiro Hiranuma, who has been Japan's Premier since early in January of 1939, is of course an "Army man." Moreover, this seventy-three-year-old statesman has, in spite of his venerable age, been identified for many years with the "young officers group" that has long been a disturbing and violent factor in Japanese military and political life.

As long ago as May, 1932, after a group of young Army and Navy officers and cadets assassinated Premier Tauyochi Inukai, the Baron was considered a probable choice for heading the Government, and it was felt that if he won to the high office to which he aspired, Japan would become a semi-Fascist state. At that time Hiranuma was the head of the powerfully reactionary Kokuhonsha, or National Foundation Society. This organization was dissolved after the military revolt in Tokyo in February, 1936, when the same “young officers group” guilty of the assassination of Inukai, four years previously, murdered half a dozen Government leaders, seized buildings in the heart of Japan’s capital, and defied authority for several days.

In February of 1936, Baron Hiranuma was president of the Kokuhonsha, which by that time, from small beginnings in 1921, had attained a membership of about 400,000. The “young officers” at that time wanted Hiranuma to be Premier, but many of his most ardent supporters were either executed after the mutiny, or given long prison terms. Hiranuma rode the storm, and although the organization he headed was dissolved, the Baron himself was made President of the powerful Privy Council.

This strange and austere man, known in Japan as “Hiranuma The Silent,” has a reputation of being cold, taciturn and unsociable in manner, and yet he is renowned for his patience and his sense of justice. In fact, his personal motto is “Be strong, be just, be kind.” He is not opinionated, but is noted for his willingness to listen to suggestions from high and low, and often counsels his co-workers to the effect that

"One must give consideration to ninety-nine foolish plans in order to decide upon a good one."

As Premier, however, Baron Hiranuma has utterly betrayed his nickname of "The Silent." He has been loquacious to an extent and with a picturesque vigor undreamed of by his immediate predecessors, and the nature and phrasing of many of his official statements indicate that though he may be a strong Premier, he is certainly weak as a diplomat. Japanese Embassies, particularly those in Washington, London and Paris, probably await with mingled apprehension and dismay the arrival of cables from Toyko detailing the latest pronouncements of the head of their Government.

On January 16th, after returning to the capital from a journey to report to the Mausolea of Imperial Ancestors that he had assumed the Premiership, Baron Hiranuma gave out his first detailed statement of policy, which consists of the following amazing blending of mysticism, idealism and cold-blooded ruthlessness.

He said that Japan must be governed in all things according to "the Will of the Gods," and that in the Empire there is no place for collectivism or individualism, adding:

"The only political philosophy that exists in Japan is the heavenly way, which aims at placing men and things in their right places. This is the key to statecraft."

Hiranuma The Silent then expounded further, to the effect that the divine way, or "the high way of Heaven and Earth," consists in the enforcement of the pure moral codes unhindered by self-interests.

"Any interference should be firmly rejected," he con-

tinued. “This is where we call upon the sword. Those who refuse to obey our teachings should be compelled to do so by force.” For this reason, he concluded: “Japan is entitled to be called the Land of the Gods, of justice, and of the sword.”

Five days later, in the course of a long speech in the Upper House, the Premier, addressing the Chinese nation, declared he hoped that the Chinese people would co-operate with the Japanese, “under no misapprehensions whatever,” and that failing such co-operation, the construction of the desired “New Order in East Asia” would be impossible. And then Hiranuma The Just concluded with verbal sword-rattling that compares favorably with that of the ex-Kaiser in 1914. He said:

“As for those Chinese who fail to understand to the end, and persist hereafter in their opposition to Japan, we have no alternative than to exterminate them.”

“Resolute,” “inflexible” and “immutable” are words of which Baron Hiranuma and his whole group are overfond. Their vocabulary and their collective state of mind seem to be largely a result of their long preoccupation with Chinese affairs, and with their conviction (somewhat shaken by the resistance of the present conflict) that the Chinese are an inferior race. Toward China, Japan has taken such an unyielding stand that rejection of reasonableness and compromise and co-operation has become habitual.

The Chinese, all through their long history, have felt that it is wiser to bend instead of being broken. Japan’s danger,

if she ever collides with a power stronger than herself, is that she will refuse to bend, and will then, in the end, have to break.

Having violated all of her treaty obligations involving her relations with China and the other signatories to the Nine Power Treaties, Japan now expresses her determination to achieve her aims in East Asia, come what may.

For instance, on January 24th, 1939, speaking in the Lower House of The Diet, Baron Hiranuma declared:

"We are prepared to overcome any obstacle placed in our way in dealing with China. We should endeavor to prevent the Powers from enforcing an economic blockade against Japan, but the Government is prepared to take resolute counter-measures should such a blockade be adopted."

Besides the dangerous delusion of invincibility that Japan nourishes, and which leads naturally to truculent swash-buckling, the nation's leaders are indulging in and nourishing a frightening hypocrisy with which they are misleading the Japanese people and, at times, it seems, even deceiving themselves. This hypocrisy is particularly notable when members of the Cabinet discourse upon Japan's holy crusade to save China from becoming a "semi-colonial country."

While Japan is pouring forth without stint the lives of her young men and her national treasure in an effort to reduce the Chinese to a race of helots, and trying at the same time to uproot and eject all foreign influences that were assisting China's self-development, the leaders of the Japa-

nese Government assure the Japanese people that they are only intent upon creating a “New Order in East Asia,” and are striving to save China from the depredations of selfish and greedy nations of America and Europe.

Hiranuma The Silent, having become vocal once again, delivered a radio address from his official residence in Tokyo on the evening of March 4th, 1939, in connection with the celebration of “New Order Week.” Said the Baron:

“Both Japan and China must secure their independence in order to safeguard their mutual existence and prosperity. Prompted by a desire to make China protect her independence, and to achieve her own rebirth so as to take her due share in the construction of a New Order in East Asia, Japan is now making great sacrifices in the China conflict.”

There can be no doubt of the sacrifices that Japan is making, but when it comes to protecting China's independence and “achieving her own rebirth,” there must necessarily be a raising of the world's eyebrows. In all areas occupied by the Japanese Army, China is being rapidly bound with military, economic, monetary and ideological shackles. Even the contents of textbooks used in primary schools are dictated by the Japanese, so that the much vaunted rebirth would seem to imply reincarnation as the slave of the Japanese Empire.

Baron Hiranuma continued his broadcast to the effect that Japan and a reborn China will have to co-operate in the political, economic and cultural fields, complementing each other, and he added the choice observation that China will have to face the necessity of liquidating materialistic ideals.

This, the Premier said, is vital, because in the past "China has relied too much on the Occidental Powers and tended to degenerate into a semi-colonial country."

Ignoring the fact that the Japanese invasion has made at least 30,000,000 Chinese civilians into homeless refugees, and the fact that Japanese air raids and artillery bombardments have laid waste to scores of cities, the Baron insisted that the construction of a New Order in East Asia is making headway with "irresistible force," and reaffirmed Japan's intention to carry out the construction of the New Order "by overcoming any obstacle."

He closed with rounded phrases, insisting that Japan "will never relax her military operations" against the Chiang Kai-shek Government, and that the Empire is now blessed "with a golden opportunity to demonstrate its might, both material and moral, by settling the China incident satisfactorily."

The world has, since hostilities in China began, sharply revised its opinion of Japan's moral might, and it is no secret in the Far East today that there has also been a sharp revision, by military experts and advisors on the scene, of Japan's military might. Some day, perhaps, access may be had to the archives of some of the world's capitals, and then there will be revealed a mass of reports tending to agree that the efficiency of Japan's Army has been vastly overrated, that the China campaign, conducted against a foe inadequately equipped, and often only half-trained, has demonstrated that Japan's Army would be no match for the Armies of any of the great Powers—certainly not against those of

the United States, Great Britain, Germany or France.

The Navy, in this conflict, has had no opportunity to demonstrate its efficiency as a mobile fighting force, but apparently it has made none too good a record in marksmanship. On the other hand, both the Navy and Army air forces have reached a high degree of efficiency, both in flying, in air battles and in bombing marksmanship. But here again the Japanese have not been fighting their equals, for Chinese flyers have been inferior to the Japanese in training, in daring and in morale, and Chinese anti-aircraft fire has been woefully inefficient.

In partial contrast to the belligerency of Premier Hiranuma, some of the public statements of the Foreign Minister, Mr. Hachiro Arita, seem, at times, to approach a sweet reasonableness, for Mr. Arita is an experienced diplomat. But in spite of his office, and the obligations it entails, the Foreign Minister himself often reveals his inner sympathy with the ultra-militarists—as indeed he must in order to retain his extremely difficult and thankless job.

The sweetly reasonable statements, usually very short, can be quickly disposed of because of their brevity and rarity. On March 8th, 1939, Mr. Arita declared that although Japan bases her foreign policy upon the Tokyo-Rome-Berlin axis, nevertheless the Empire is not a totalitarian state and “is never antagonistic to the position of Great Britain, France and the United States.”

The position was further explained in the Lower House the next day, when Mr. Arita declared:

“Existence of the tripartite anti-Comintern pact has never

meant antagonism to the democracies. At the same time, the anti-Comintern pact alone is not sufficient for successfully constructing a new order in East Asia and establishing Japan's position in the world. For this purpose it is necessary to make Britain and the United States understand the position and attitude of Japan."

The tone sharpened noticeably on March 10th, when, during a discussion of American and British loans and credits to China, the Foreign Minister informed Parliament that Japan is determined to "remove any obstacle" in the path of the execution of her East Asiatic policy.

And then, the next day after that, Mr. Arita brusquely informed the Lower House that in his opinion nothing definite would result from any British move for rapprochement unless Japan's new policy in East Asia is fully understood in London, "because a full understanding of Japan's way of thinking is a *sine qua non*."

The Foreign Minister continues to reiterate plaintively that the United States and Great Britain "fail to understand Japan's moral mission to build up a New Order in East Asia, owing to their interests in China," and then follows up these complaints with declarations to the effect the Japanese Empire "will be constrained to take appropriate measures" against foreign countries that continue to ship arms and munitions to China.

"Japan's policy toward China is immutably fixed," says Mr. Arita, but the Japanese Government will, "as far as possible" respect the rights and interests of third Powers in China. However, Japan is not prepared to pay third Pow-

ers or their nationals any indemnities for war losses they may sustain during the hostilities. In particular, the Foreign Minister says, Japan will pay no damage if third Power properties are damaged or destroyed in case they have been used by Chinese for military purposes, if damage or destruction is sustained as a result of military operations in zones of battle “and areas adjoining such zones,” or if damage or destruction result from operations “dictated by military necessity for the successful conduct of military operations.”

These provisos seem to leave the Japanese Army and Navy, and in particular their aerial bombers, the widest possible latitude, for “military necessity” can be interpreted by adroit pleaders even to speciously excuse the destruction of schools and colleges on the plea that such institutions have taught or fostered anti-Japanism or even prolonged the patriotic resistance to the invaders.

The War Minister, Lieutenant-General Seishiro Itagaki, is less loquacious than his Cabinet colleagues. As befits the military man, he believes in deeds and not in words. General Itagaki, since assuming office, has been in a taciturn and almost fanatical state of mind. He is understood to blame himself for the only major disaster that has befallen the Japanese Army during the hostilities in China—the surrounding and almost complete annihilation of the force that captured Taierchwang in the early spring of 1938.

This Japanese defeat at Taierchwang was not only a severe blow to the prestige of the Japanese Army, but immensely heartened the Chinese forces, encouraged the Chinese people, and created such a wave of enthusiasm among

the millions of Chinese living abroad that immense cash donations were made to China's war chest.

When General Itagaki, then in command on the North China front, was approached to take the portfolio of the War Ministry, he declined time after time. His future, he told his friends, could involve nothing except early retirement from the Army, after which he intended to retire to a Buddhist monastery and spend the rest of his life telling prayer beads for the souls of the men under his command who had lost their lives in the Taierchwang battles.

Pressed time and again to enter the Cabinet, Itagaki finally made it known that only a personal command from The Throne would induce him to take the proffered position, and this command was later privately conveyed to him.

On March 6th, 1939, General Itagaki made an amazing statement to the Lower House of Parliament. He announced that "future developments" will determine whether Japan will transfer her standing army from Japan to China and Manchoukuo. Pressed for clarification of the possibilities or policies that might actuate such a revolutionary step, the War Minister refused to elaborate on his statement, except to state that "the development of circumstances on the fronts" must be considered when compiling the Army's budget, and that "new circumstances in Soviet Russia" were considered when formulating the proposed six-year armament program.

Some quarters interpreted General Itagaki's cryptic statement as a tacit admission that conditions in the occupied

areas of China are so bad that Japan will have to send to China all the reinforcements it is possible to muster. But many military experts think that from considerations of economy and efficiency, and from strategic considerations, it would pay Japan to keep her standing army in China indefinitely—all of it. Japan, they point out, has nothing to fear from the possibility of an invasion, and the Navy replenishment program is drawn on so elaborate a scale that the Navy alone could adequately protect the islands of the home Empire.

General Itagaki probably envisions so great an expansion of Japanese investment and Japanese population in China that China itself would be the Empire's most vulnerable possession. He also probably realizes the fact that no Chinese Government, puppet or popular, can ever be trusted to raise and maintain a standing army sufficient to protect China's great area. The permanent garrisoning of Japan's standing army in China and in Manchoukuo would therefore serve the three purposes of sitting on the lid of any Chinese attempts to regain freedom, would strategically protect Japan from attack from the Asiatic mainland, and would give Japanese subjects and Japanese capital all possible security while keeping the Chinese people in absolute subjection.

A sound program for an uneasy conqueror, probably, but what about Japan's supposed desire to free China from "a semi-colonial status"? In the huddle that preceded this announcement by the War Minister, some member of the Cabinet seems to have gotten his signals badly mixed.

Japan appears to take the attitude that despite the fact that war has not been declared, China should be barred from making any purchases of war supplies in the markets of the world, and should be granted no credits, whereas Japan should be able to buy arms, munitions, airplanes, scrap iron and all else she needs without any hindrance.

On March 17th, General Itagaki told the Lower House that "assistance extended to General Chiang Kai-shek by third Powers was also responsible for the start of the present conflict," and that since hostilities began, General Chiang has been "shaking hands with the Soviet Union."

It is difficult for anybody who is not a Japanese not to be confused by Japanese charges that the assistance that America and Britain, in particular, were giving to China in her struggles for self-development before the war started, and the reiterated Japanese charges that the third Powers were basely keeping China in a "semi-colonial state."

Itagaki added that "Japan's objective cannot be attained unless these causes [foreign aid to China, and Soviet assistance] are entirely eliminated."

The question is, what are Japan's objectives? A few years ago, when anti-Japanese propagandists declared that Japan aims at achieving hegemony over the entire Far East, and later using this as a base from which to launch an attack against the white races, such statements were viewed askance as the utterances of madmen.

Today, however, Japan's Army stands on the Amur River in the far north, shivering in temperatures of 40° below zero in winter, and at the same time Japanese soldiers, clad in

thinnest washable khaki, are fighting malarial mosquitoes under the banana and palm trees of Hainan Island.

Japan's "front lines" on the Eastern Asiatic mainland are now more than 6,000 miles long. From the shore of Hangchow Bay, southwest of Shanghai, far into the middle portion of the Yangtze Valley, beyond Poyang Lake, then along westward of Hankow, northward through Hupeh, Honan and Shansi Provinces, the "main line" against the actively hostile Chinese forces is more than 3,000 miles in length.

Then begins the "danger line," which runs along the western borders of Jehol and Manchoukuo, pierces far inland toward Siberia's Lake Baikal at Manchouli, then turns eastward and finally joins the Korean border within striking distance of Vladivostok. The Korean-Siberian border is relatively short, but strongly held by both Japanese and Russian forces.

In South China, Japan holds several unconnected areas—Amoy and a small inland region behind that seaport, Canton and a much larger tributary area, Hainan Island, and the ports of Swatow and Foochow.

Collectively these areas (not counting Korea, which has long been incorporated into the Empire) have about 230,000,000 inhabitants, most of whom are unreconciled to the idea of living as a conquered people, and many of whom are actively hostile to the invaders.

Having so much, what are Japan's other objectives, for the attainment of which she has made an "immutable resolve"?

The Minister of Navy, Admiral Mitsumasa Yonai, himself offers a clear definition—"to gain hegemony of the Pacific." To this end, he says, Japan's naval armaments have been determined on a sliding scale "in proportion with the Power that maintains the largest naval force in the Pacific." The good Admiral, who made this sweeping statement in the Diet on March 6th, 1939, might as well have named the United States without any attempt at mincing words.

An interpolation was made, asking Admiral Yonai if, in his opinion, it was considered necessary to improve Japan's relations with other Powers in order to make Japan's armaments more effective. And to this he made the following astonishing reply:

"The construction of a New Order in East Asia is uppermost in the minds of Japanese naval authorities. To attain this objective, Japan should advance toward it *despite international conflicts that might take place*. It is desirable, however, if this friction could be smoothed away through diplomatic channels. In case third Powers speed up arms expansion, and discard diplomatic negotiations entirely, the Japanese Navy must deal with them accordingly."

Three days later, on March 9th, the Japanese Government seemed to feel the necessity for somewhat softening Admiral Yonai's words, whereupon a "clarifying statement," full of contradictions, was issued by Rear-Admiral Masao Kanazawa, chief of the publicity bureau of the naval offices in Tokyo.

Admiral Kanazawa said in one breath that Japan has no intention of establishing naval parity with either the United

States or Great Britain, and in almost the next breath he declared although Japan's naval policy is based on the principle of non-menace and non-aggression, it is nevertheless aimed at “securing command of the western Pacific,” and that to realize this aim it is necessary for Japan to “meet the largest naval force that could be sent to the Far East by any single foreign power.”

Indicative of what this policy involves in the way of strength, the new naval replenishment plan provides for the expenditure on expanding the naval air force alone of five hundred million yen during the next five years.

Admiral Yonai has his artless and amusing moments. On February 17th, when the question of the reopening of the Yangtsze River was up for debate in the Diet, the Navy Minister said, in part:

“I believe in the great power of Japan, and therefore Japan will be able to recover the handicap imposed on her [meaning foreign hostility because the river is kept closed] in connection with the opening of the Yangtsze. I harbor no misgivings regarding the opening of the Yangtsze itself. I firmly believe there is not a single Japanese who has such a mean idea as to reap profits behind the Japanese military operations on the Yangtsze.”

This astonishing declaration, perhaps meant to make the people of Japan believe in the high-mindedness of Japan's campaign in China, coincided almost exactly with stoutly worded protests to Tokyo from Washington and from London—protests citing the fact that although foreign firms and foreign vessels are denied access to the cities and mar-

kets along the great river, Japanese vessels ply the stream freely, the Japanese population of all the cities as far inland as Hankow is multiplying rapidly, and hundreds of new Japanese shops, selling only Japanese goods, are being opened every month at Chinkiang, Nanking, Wuhu, Anking, Hankow and many other points.

A mean idea of reaping profits, indeed! The Admiral professes to know nothing of these vast commercial activities, though Washington and London are fully informed, and though all the Japanese vessels transporting these cargoes upstream do so under the protection of Japanese naval guns, and usually under convoy by one or more of the Navy Minister's own warships.

Cabinet members all over the world pull astonishing boners now and then, as the Roosevelt Administration at Washington well knows, but apparently Admiral Yonai won a prize along this line when, on February 7th, 1939, he told an agitated Lower House in Tokyo that fortification of Guam would only serve to make the defenses of the United States more vulnerable than now, and then added sententially:

"I feel extremely sorry for America when I hear that she is planning to fortify Guam."

This statement created such a furore in foreign circles in the Far East that unofficial apologists privately declared the Admiral's remarks had been poorly translated, and that what he really said was:

“I feel it is a pity for America to fortify Guam, because by lengthening her line of fortifications her power is weakened. That is why we are not very much concerned.”

But no official correction was ever issued in Tokyo, the semi-official news agencies admitted no error of translation, and on the record the Admiral stands as being “so sorry” for the United States.

But it remained for Mr. Seigo Nakano, member of Parliament and head of the Tohokai Party, to stir up a real tempest. Mr. Nakano was given a one-week leave of absence from sessions of the Diet, in order to make a trip to the occupied territories in China. Before he left Tokyo he gave out an interview in which he said frankly that he believed the Diet was “losing its mind.” Having thus freed his own mind of a cherished conviction, Mr. Nakano airplaned to Shanghai, where he arrived early in March, and began to make speeches.

This one-legged president of the rightest agrarian party in the Japanese Parliament drew a capacity house when he lectured to a Japanese audience the night after his arrival, but his first speech was so sensational and appealed so powerfully to the Japanese civilian population of Shanghai that on his second appearance on the lecture platform the hall was nearly mobbed and loud speakers were installed in order that his pungent remarks could be heard on the streets for blocks around—streets jammed with several thousand enthusiastic Japanese auditors. Here are a few of the more choice excerpts from his very frank and fiery remarks:

"Japan's diplomatic policy shows signs of 'coquetry' toward America, Britain and France.

"Japan's legions are fighting in China to kick out the red menace of Bolshevism and to terminate the 'imperialistic invasion' of the United States and Great Britain, which he said, are 'poisoning East Asia.'

"No country has ever brought such a vast territory in China under military occupation. Japan must not slacken her efforts. She must rush forward.

"Look at the Foreign Office attitude at the time of the Panay incident! Japan cut a ridiculous figure by making unnecessary apologies so hastily.

"It may be true that in the light of the moral standards or etiquette of Japan apology makes one's conscience clear, but in the West it is entirely different—if you apologize, you are wrong. So if Japan did not make any mistakes, she did not have to apologize. The irresolute attitude shown by the Foreign Office at that time placed Japan in an unfavorable position.

"The object of Japan's campaign in China is not China itself, I repeat again, but Britain and America are the real enemies of Japan.

"England and France, he declared, are in no position to send armies to the Far East; if they should do so, war would immediately break in Europe.

"It is foolish to be worried about Britain and America at present. Japan's policies of state craft are unique; they are just the opposite of the general principles applied to politics. The Japanese policy mainly follows military lines.

"Only after all the foreign influences and Powers have disappeared from the Orient will East Asia start enjoying the honorable and proud heritage that is common to Japan and China and start celebrating peace in the Orient.

"We are operating on China with a surgical knife in order to cut out the cancer that is weakening China, not because the Chinese are enemies of Japan."

Mr. Nakano was singularly unfortunate and injudicious to have revived the so-called “Panay incident”—the aerial bombing and sinking of the U.S.S. *Panay* on the Yangtsze between Nanking and Wuhu on a sunny afternoon in mid-December of 1937, which was accompanied by considerable loss of American lives. For, short of political assassinations and terrorism in Japan itself, nothing so well illustrates the sinister power and spirit of the “young officers” group as the events of that December day, and subsequent developments within the Japanese Army and Navy.

The *Panay* was sunk, several Standard Oil tankers were bombed and sunk, H.M.S. *Ladybird*, *Scarab*, *Bee* and *Cricket* were fired upon by the Japanese, as were nearly a dozen other foreign vessels; and all of these outrages, with attendant loss of life, occurred because the Japanese Army did not dare to purge its own ranks after the shocking mutiny in Tokyo in February, 1936.

It was a Japanese naval plane that bombed the *Panay*, but the naval planes operating along the Yangtsze that day were under the direct orders of the Japanese Army commander at Wuhu. It was Japanese soldiers who boarded the sinking *Panay*, and then machine-gunned the abandoned ship. And it was Japanese Army artillery that sent shells crashing into the British river gunboat *Ladybird* that day at Wuhu.

The Navy “took the rap,” like a gentleman. The Rear-Admiral who was in command of Japanese Navy airplanes in Central China was ordered back to Japan and retired; the commander of the Japanese China Seas fleet called upon

Admiral Harry E. Yarnell on the U.S.S. *Augusta*, made profound apologies, and assumed responsibility.

The real "villain of the piece" that fateful December day was Colonel Kingoro Hashimoto. He was in command of the Japanese land forces in and around Wuhu, which is up-river from Nanking. The Navy planes were not in touch with their base; they had spent the night on a lake nearby, and they were given a general order to obey the commands of the Wuhu Army Commander.

Colonel Hashimoto gave the sweeping order to bomb and fire upon "everything that moves on the Yangtze." The particular flyers concerned had the hardihood to demur, to point out that many third Power craft were in the river between Nanking and Wuhu. Hashimoto not only sternly reiterated that order, but also promised decorations to all aviators scoring direct hits. And it was Hashimoto who gave orders to his artillery to fire upon *H.M.S. Ladybird*, and who later in the day treated the commander of the *Ladybird* with overbearing insolence.

For Colonel Hashimoto, one of Japan's super-patriots, was one of the leaders of the February 26th mutiny in Tokyo in 1936. He was too powerful to be severely punished, and was merely placed upon the reserve list for his share in that bloody uprising that included the assassination of Premier Keisuke Okada and three Cabinet members, the seizure of government buildings and several days of fighting in the heart of Tokyo before the mutineers surrendered to loyal troops.

In the autumn of 1937, because Japan needed officers for

the large army she was sending to China, Colonel Hashimoto was recalled to active service. In the interval he had been busy organizing the Great Japan Youth Party. He denied being either a radical or a Fascist, but it is recalled that he was stationed in Moscow for a long period, with the Military Attache to the Japanese Embassy, and that he was also in Turkey during the most turbulent period of that country's recent history.

The upshot of the Panay and Wuhu incidents was amazing. Colonel Hashimoto actually went to Nanking for the formal entry of the victors into China's abandoned capital, and rode a prancing white horse not far in the rear of General Iwane Matsui, the Commander-in-Chief of the Japanese forces in the Yangtze Valley. Within a fortnight, tension had reached such a pitch that high circles in the Japanese Army felt that if Colonel Hashimoto could not be curbed, General Matsui might have to retire. Hashimoto himself was not in Nanking at the time the rape of that city horrified the civilized world, but it was the power of the "young officers" group that prevented punishment from overtaking the officers who failed to control their men—and Hashimoto was one of the leaders of that group.

Early in the New Year, however, wires were mysteriously pulled. General Matsui was relieved and went to Tokyo, where he was welcomed with wild enthusiasm and received by the Emperor. Lieutenant-General Prince Yasuhiko Asaka, who had been in actual command of the forces that captured Nanking, also went back to Japan—but he is related to the Imperial Family, and therefore his name has never

been mentioned as that of a man who might have been held partly responsible for the loss of prestige that Japan suffered because of the breakdown of discipline of the Army at Nanking. At the same time, Lieutenant-General Heisuke Yanagawa, who had commanded the brilliant campaign that resulted in the capture of Hangchow, also returned to Japan.

These changes in the high command in the Yangtze Valley field of operations were gazetted and widely publicized, but nothing was said or printed about the fact that at about this same time Colonel Hashimoto and nearly a hundred of the "younger officers" group also sailed away from China—all in the same transport.

No one has ever questioned the ability, courage or patriotism of this "young officers" group. Their loyalty to the Throne is almost religious in its fervor. Colonel Hashimoto himself, a dashing and handsome officer, enjoys an immense popularity with the Japanese public, which admires his well-known courage and daring. But as a group, this clique has been an undermining influence upon the discipline of the Japanese Army.

And it is a self-perpetuating group. It was the "younger officers" who precipitated the Manchurian affair in 1931. Most of those men, no longer so young, are today Generals, Barons and Counts. They occupy honored positions because they achieved what they set out to do. So the young officers of today are eager to launch great and rash enterprises—they want to be the Generals, the Barons and the Counts of tomorrow.

The danger of this situation is that when Captains see

Majors unamenable to discipline, the Captains venture on their own; and the Lieutenants are apt to emulate the Captains. And the privates and non-commissioned officers, seeing their superiors do strange things and escape punishment, occasionally get out of hand.

“Hence the rape of Nanking, and other phases of our China campaigns that have brought about sharp criticism abroad,” said the very highly placed Japanese who offered me the foregoing analysis.

It is unquestionably this “young officers” group who to-day mold the temper of the Japanese people and color the policies of the Japanese Government. Japan today has an “Army Government,” and the Diet has been reduced to the importance of a debating society with an imposing seal in its archives.

The restlessness and amazing vigor of the Japanese race are today being propelled and directed by an ideology of strange and intense origins. The Army is convinced that Japan should be and can become the greatest nation in the world. If the nation’s wealth and resources can endure the strain and drain long enough, the march along the road to glory may succeed; but if the political genius of Japan proves unequal to its ambitions, the final result will be tragedy and ruin.

18.

JAPAN'S SIDE OF IT ALL

SELF-JUSTIFICATION, a habit almost universal among men, is also habitual amongst nations and the leaders of nations.

"How could you do a thing like that?" is one of the questions always hurled at anyone who stands accused of violating any of the accepted canons of conduct, and today, with the world in turmoil, it is also being hurled at whole peoples by other peoples who are not like-minded.

Japan, in particular, is the world's bad boy to the American people of today; and so little is Japan's situation and psychology understood in the United States that almost everything the Japanese Government does seems wrong to us as a people.

But neither the Japanese people nor their leaders have any consciousness of wrongdoing, any feeling of guilt. In-

stead, they are rather bewildered at the widespread condemnation of Japan's present policy and conduct of affairs on the Asiatic mainland. They are indignant at being misunderstood; they even feel aggrieved and badly used.

Meanwhile, in the Foreign Office at Tokyo, protests from Washington, London and Paris in particular, and from other nations in lesser degree, continue to pile up. America, Britain and France condemn and object to many phases of Japanese activities, charge the breaking of treaties, the violation of vested third Power rights and a callous disregard for the rules of international courtesy and conduct.

How then, does Japan justify her course, even to herself? What are her arguments, her contentions, and on what basis does she defend her conduct as proper and justifiable?

Pursuit of the answers to these questions I have found to be a difficult, enjoyable and arduous quest, and some of the results have been surprising. Sometimes they have even been amusing because of the naivete of the Japanese defense.

In the search for the fundamental Japanese viewpoint, I have talked with Japanese diplomats of all ranks, with Army and Navy men from Admirals and Generals to Lieutenants, with some of the great Japanese financiers, and with many Japanese friends who have no connection with official life. In general terms, the Japanese statement of their own case boils down to this:

"We are a young nation in a modern sense, but a very old people as a race. We want to become a great nation, honored in the world. We feel that we can accomplish this, and that on fair and equal terms we can compete success-

fully with the other great nations of the world. We feel that in the past we have often not been treated fairly, and now we are out to win our rightful place by using consciously our own strength."

Pathetic, in a way, is this plea in generalities, for which, however, there is considerable historical justification.

But what about specific cases? How, for instance, does Japan justify, even to herself, keeping the Yangtsze River closed to third Power traffic? Is there actually any valid excuse, or is the closure of this great international waterway actuated solely by greed and by a determination to monopolize the trade of a rich region with a tributary population exceeding 200,000,000?

In the first place, the Japanese have a grievance concerning the Yangtsze. They claim, and with perfect truth, that when China blocked navigation of the river at the outbreak of hostilities in 1937, by throwing a series of booms across, and mining the channel, the interested third Powers made no protest of any kind. Presumably, they found closing the river to keep out an invader a justifiable act of self-defense, and as a military measure necessary in time of warfare.

Well, say the Japanese, this warfare is still continuing. The Yangtsze is one of the main strategic routes into the interior of China, and they claim that not only would the presence of third Power shipping hamper the movement of their warships and transports, but might result in "military information" reaching the Chinese.

The United States and other interested powers continue to protest, not only at the continued closing of the Yangtsze,

but at what are termed unfair trade practices. The protests insist that Japanese merchant steamers ply up and down the river, transporting not only Japanese civilians but also Japanese manufactured goods for the ever-increasing numbers of Japanese stores and wholesale dealers at Nanking, Wuhu, Anking, Kiukiang and Hankow. "Unfair favoritism" and closing of the once Open Door are freely and bitterly charged.

But when China closed the Yangtze, and thereby barred foreign goods from easy access to the interior, and thus automatically threw the trade to Chinese-owned factories and industries, the third Powers made no protest about closing the Open Door. This was due to "unfair favoritism" arising from a sentimental sympathy for China, the Japanese say.

Japan's Minister of the Navy, and different Japanese Admirals in China, have declared with complete frankness that the Yangtze will not be reopened to third Power shipping "until the Chiang Kai-shek regime is crushed," so we know what to expect unless we are prepared to exert pressure upon Japan.

Foreigners who reside in Shanghai, the handful of them left in various cities along the lower and middle Yangtze and third Power naval observers who have been up and down the stream in foreign gunboats deride the Japanese contention that the river is so crowded that third Power ships would embarrass Japanese warships and transports. They also deride Japan's plea that because of mines planted by the Chinese the river is still "very dangerous."

The Japanese Navy has been in control of the Yangtsze as far upstream as Nanking and Wuhu since mid-December, 1937, it is pointed out by these naval experts. The Japanese have controlled the river as far as Kiukiang since July of 1938. If, in these long periods of time, they have been unable to clear the river of mines, they are inefficient as a naval force and might as well pack up and go home, say these critics; but the Japanese Navy is not inefficient, and therefore this plea is discarded.

One of the main motives actuating the continued closure of the Yangtsze is rarely discussed by any Japanese. That is the natural wish to conceal, for as long as possible, the very precarious hold they have upon the areas on both the north and south banks of the river—areas between garrisoned cities and towns. Those areas are almost completely dominated by guerrilla and bandit gangs, and Japan fears that if she permits third Power shipping to use the waterway, then many neutral ships might be fired upon from the shore by mistake, and thus demonstrate fully that the Yangtsze is merely a hazardous line of communications instead of being a great river flowing through a tranquillized occupied territory in which rehabilitation is supposed to be making marked progress.

Another factor of the situation, important to the Japanese but ignored by nations protesting against the continued closing of the Yangtsze, is that Japanese naval and land forces acting in co-operation forced the booms, reduced the Chinese forts, and cleared the channel of mines for their own military purposes. These results were accomplished only

at large expenditure of lives, treasure and effort, and therefore in a very real sense, the Japanese contend, the Yangtsze may legitimately be regarded as one of the prizes of war.

The Japanese are also technically and factually correct when they contend, in defense of their stand, that the occupied zones of China are not necessarily safety zones in which they care to assume any remote responsibility for the safety of third Power nationals—even the indirect responsibility incurred by giving them permission to return to those zones for residence or to trade. The guerrilla tactics adopted by the Chinese, say the Japanese spokesmen, result in turning “the whole country into one vast battlefield.”

That is a good excuse, as far as it goes. But it does not explain why Japanese are permitted to go into the interior cities by the thousands for residence and for trade, why the former Chinese residents are urged to return to their homes and farms, and why at the same time Americans, Britons and other third Power nationals are, in the main, debarred from such returns.

“No vessel is engaged in general trade on the Yangtsze,” says one flat statement made by the Japanese Navy spokesman, but that is a mere quibble, unless the fact that all Japanese merchant ships on the river carry at least a small proportion of naval or army supplies with their cargo means they are not exclusively in “general trade.”

Although the justice of foreign complaints about trade on the Yangtsze is vigorously denied, Japanese Navy spokesmen, nevertheless, do guardedly admit the existence of the

conditions and practices upon which these complaints are based.

Pressed for a direct reply to the question as to whether actual trade was being conducted along the Yangtsze to the detriment of third Power nationals and companies, and to the exclusive benefit of Japan, the Navy spokesman admitted that many of the transports on their return to Japan carry cargoes of cotton, foods, hides, iron ore, coal, bristles and similar raw materials.

"But most of these materials," he hastened to add, "are designed for eventual manufacture into articles for military use. And after all, Japan is an island empire, and is therefore forced to import raw materials from overseas. As a matter of fact, most of our transports return to Japan with their holds empty, for the unsettled conditions along the banks of the Yangtsze, and the activities of the Chinese guerrillas, do not encourage large-scale concentrations of produce of any kind at any of the river ports."

The Navy spokesman admits that Japanese vessels operating on the Yangtsze carry other than Army and Navy supplies, in particular, "materials necessary for the rehabilitation of ruined areas and destroyed industries." He says, too, that all cargoes not consigned directly to the Army or Navy go to "organizations attached or subsidiary thereto."

But there is a catch in this, for under Japan's national mobilization law, all Japanese individuals or organizations active in the occupied areas in China operate under official permits. It is contended that such individuals and organizations "are all engaged, one way or another, in seeking to

attain Japan's objective of restoring peace and order in East Asia," and are helping even if indirectly to attain Japan's "ultimate objectives."

A claim of this kind, of course, if it is conceded as valid, excuses the presence at Yangtze Valley cities and towns of Japanese lumber dealers, general merchants, canned goods salesmen, purveyors of chewing gum and even of Japanese florists. For must there not be flowers for funerals?

Under this same claim, the Central China Development Company, a great monopolistic holding corporation, is permitted free sway to its many activities. For, argue the Japanese apologists, the Central China Development Company is fostering the rehabilitation of industry, and is "co-operating with the Reformed Government at Nanking in activities essential to the achievement of Japan's ultimate aim."

This Central China Development Company, with an authorized capital of 100,000,000 yen, had a paid up capital of 31,000,000 yen by mid-April of 1939. It was organized about November 1st of 1938, and made a profit of only 20,000 yen the first two months of its existence; but since it is engaged largely in monopolistic enterprises, it will probably earn enormous sums in the future if Japan can keep her hold on Central China. There is an even larger similar company with headquarters at Peking—the North China Development Company, which has an authorized capital of 300,000,000 yen.

The Japanese say that foreign investment in the Central China Development Company will be welcomed, but up to the middle of April of 1939 the company was, admittedly,

wholly Japanese, although considerable Chinese money is invested in some of the company's many subsidiaries.

There will be no countenancing of public ownership of essential utilities in Central China, if Japan has her way, for the Central China Development Company is chiefly interested in what the Japanese call "welfare works," and will enjoy perpetual monopolies upon electric and gas plants, waterworks, telephone, telegraph and wireless communications, railways, bus services, fish markets, town-planning projects, mining and inland steamship navigation upon the rivers, creeks and canals tributary to the Yangtze.

The United States is held up by the Japanese as a terrible example of encouraging competition in public utilities, and of the dire results of granting non-monopolistic franchises. They point to the plight of American railways, where duplication of routes and of investments brought about huge losses.

The Nanking Reformed Government, at Japanese suggestion or dictation, announces the adoption of the policy of monopoly for the public welfare, and declares that it will permit business to be profitably conducted in order that the public may benefit by good service from all essential utility companies.

The Central China Development Company's many subsidiaries are all under Sino-Japanese management, but the Japanese are in absolute control. They say they do not create monopolies because they themselves wish to corner all the business, but "because of the nature of the business

itself," and insist that they hope for and will welcome foreign investment in all these enterprises.

It is difficult to reconcile the foregoing program with the seriously and apparently sincerely reiterated declarations from Japanese leaders to the effect that "Japan aims only at very limited monopoly in China," and that she does not "intend to try to eat the whole apple," because she realizes she cannot do so.

Enlightened Japanese diplomats and businessmen will tell you very frankly that they realize co-operation among all the interested nations will be essential if China's economic and industrial rehabilitation is to be accomplished. Such restoration is a prime necessity for China's eventual prosperity, and Japan realizes that she must have a prosperous neighbor in China, or else be bitterly poor herself. Certain present monopolistic trends, these Japanese say, will automatically cease when the hostilities come to an end.

"On a fair play basis," said one highly placed Japanese to me, "we feel that we can compete with anyone, provided there exists no anti-Japanese movement in China. If the Chinese people do not want Japanese goods, that can't be helped. But if they want to buy our wares, and are prevented from doing so by official or semi-official organizations, that is another matter, and an illegal one besides. Boycotts in China are not primarily patriotic or popular movements, as they are in Europe or in America. In China, for more than the last decade, boycotts have been directed by the Kuomintang Party—in other words by the Chinese Govern-

ment. Never before in the economic history of the world has the boycott been used as China uses it. A boycott in China is actual economic warfare, leading to actual open war."

Just now, Japanese "pressure" upon the International Settlement at Shanghai is arousing much adverse comment and even bitterness in China and abroad. Not only are great areas around the Settlement kept closed to foreign access, this action thereby barring owners of industrial plants and other properties from access to what they own, but in addition all of the Settlement north of Soochow Creek is kept under martial law; Chinese cannot cross the bridges without passes, a rigid curfew is maintained, and even Japanese military traffic rules are enforced.

Considering that the fighting zones have been far removed from the vicinity of Shanghai since mid-November of 1937, these measures seem inexcusable to all except the Japanese. They plead that portions of the Settlement north of Soochow Creek are used as military bases, which is true so far as it goes, but this does not apply to the whole area. They also plead that there have been several disastrous incendiary fires, not only in Shanghai but even in Manchoukuo, and that they believe incendiarism is part of China's war plan. And then they plead that there are nearly 42,000 Japanese civilians residing north of the creek, and that terrorism and political assassination would probably break loose on a large scale if military control were relaxed.

These last two excuses must be rejected, and for the same reasons. First, already more than 300,000 passes have been

issued to Chinese, to cross the bridges, and already many thousands of Chinese families have resumed residence north of the creek. Moreover, the cordon of control is neither complete nor effective, for every month thousands more Chinese get into this area by filtering in from the countryside or by crossing the river in sampans.

Then, too, in the International Settlement south of the creek, where the Japanese military exercise no control, Japanese are only occasionally subjected to violence of any kind, and most of the acts of political terrorism are directed against Chinese who co-operate with the invaders. Japanese women and children, in distinctive Japanese dress, walk without molestation up and down the Settlement's business streets. In the main, Japanese-owned and -managed stores and small shops operate without interference, and without even having an occasional brickbat thrown through their plate glass windows.

Many foreigners and Chinese in that portion of the International Settlement not already under Japanese control, and some in the adjoining French Concession as well, believe that a plan of suppression, encroachment and intimidation is being carried out by the Japanese with the idea of gradually so altering the status of these foreign administered areas that they will eventually be in the same status as is Nanking or any other of the cities in China that are already in complete military occupation.

Over and over again there have been statements in the Japanese Diet, in the press of Japan and in the Japanese-controlled press in China to the effect that all concessions

and foreign settlements in China must be surrendered to the new Chinese regimes. And, moreover, officials of the Japanese-sponsored Nanking regime have openly declared that the International Settlement is its "enemy" and must surrender. It is only natural, then, that the Settlement and its authorities are apprehensive, and that they are therefore prompted to reject some of the moderate and reasonable Japanese demands for fear that they are designed as merely forerunners for an eventual demand for complete submission.

Japan has many just grievances over conditions in the Settlement, which to them seems like an independent city in the middle of their occupied territory—an independent city inside which anti-Japanese activities of many kinds are conducted with impunity.

It greatly irks the Japanese when, on Chinese holidays, or on war anniversaries, the flags of the Chungking Government and the Kuomintang Party appear by tens of thousands in the International Settlement. These flag displays are now permitted on only eight holidays each year, but prohibition would not be easy in the Settlement, for there are five Chinese members of the Municipal Council, and they might walk out in a body, or resign en masse, if the nine foreign members voted for the suppression of Chinese flags.

The Japanese also object, and quite rightly it seems to me, to the fact that today there are half a dozen Chinese-language newspapers published in the International Settlement that are openly and bitterly anti-Japanese. These newspapers are nominally published by Americans or Brit-

ons, but the suspicion is rife that they are financed from Chungking, and even if they are not they obviously permit their policies to be dictated by the Chungking Government and by the Kuomintang Party. The Ta Mei Pao, 100 per cent American owned, is an exception.

But there is another side to this propaganda newspaper question. In Nanking, in Hangchow and in Hankow there are now Chinese-language newspapers (under absolute Japanese control, of course), that are carrying on bitter and vindictive anti-British campaigns, and even now and then carry editorials that openly advocate "throwing all the white men out of Asia."

The number of Chinese-language newspapers published in all the Japanese-occupied cities of Central China alone now exceeds thirty, and it was generally assumed in Shanghai that they were all under the control of the Special Service Section of the Japanese Army. The Japanese military spokesman in Shanghai professed complete ignorance concerning the source of control, but admitted that such newspapers must necessarily be censored. Two days later he made the childish excuse that:

"The Japanese have nothing to do with the policies or with the censoring of these anti-foreign newspapers. They are controlled and censored by officials of the Reformed Government at Nanking."

It is puerile and useless evasions of this kind, by people supposed to be in authority, that have so largely damaged Japan's hitherto good reputation for honesty and straight dealing.

More responsible Japanese have since admitted to me privately that this kind of anti-foreign campaign is not in conformity with the policy of the Tokyo Government, and that those responsible are probably hot-headed and rather ignorant little lieutenants whose heads have been turned by unexpected responsibilities.

Chinese courts functioning inside the International Settlement presided over by judges appointed by Chungking, and enforcing the laws of General Chiang Kai-shek's Government instead of the laws of the new Nanking Government, are also intolerable in Japanese eyes. It was perhaps human and natural for these courts to deal lightly with Chinese arrested for acts of political terrorism, but this very dangerous leniency has led the Japanese to insist that hereafter all persons arrested for terroristic acts be turned over to the authorities of the country of which the victim of terrorism was a citizen or subject.

The Chinese inside the Settlement raise a great outcry whenever the Municipal Council agrees to any Japanese demands. They seem to feel that they should be "safe" inside the Settlement no matter what they may do.

What this class of anti-Japanese Chinese utterly fail to understand is that the safety and continuance of the Settlement and French Concession are dependent upon maintaining the strictest neutrality. The American Marines and British and French soldiers are in Shanghai to protect the lives, properties and status of their own nationals. They are not there to act as living shields for Chinese who conduct anti-Japanese propaganda or for Chinese who choose to

assassinate Japanese or to murder those Chinese who cooperate with the foreign victors.

If hired or patriotic assassins attempt to exploit the immunity of the Settlement, then there can be but one eventual outcome—the Japanese Army will move in. If patriotism or money impel Chinese to murder Japanese or Chinese in Japanese employ, they should realize they must take the consequence of their acts, and not expect protection because of the presence of foreign garrisons or foreign police.

Chinese in the Settlement and Concession who continue to carry on anti-Japanese activities, and the Chinese in Chungking who direct and finance these activities, are actually foolishly playing into Japan's hands. Japan has temptation enough to take the Settlement and Concession areas, for they contain, besides many Chinese banks, some of which are government-owned, literally hundreds of millions of dollars worth of valuable property belonging to officials of the Chungking regime—property that could be confiscated and bring in wealth to help Japan fight the war. Third Power prestige, commerce and industry would also then lose almost its last China foothold to the Japanese.

Even more serious than Japan's grievances against the Settlement and the Concession, and their third Power administrations, are her grievances against the general policies of the great neutral powers—Germany and Italy excepted, of course. For Japanese leaders, almost without exception, feel that America, Britain and France, by helping General Chiang Kai-shek's regime, are merely uselessly prolonging

the war, and, whether intentionally or not, are trying to play Russia's game of weakening Japan by forcing her to spill blood and treasure uselessly upon a thousand battlefields in China.

Japan thinks that the third Powers granting China credits and encouragement are guilty of a stupendous folly if their policy is based upon the hope that eventually the Japanese Empire will go bankrupt. American aid to China bewilders the Japanese leaders, but British aid infuriates them, for they envision American policy as being inspired largely by sentimental sympathy for the underdog, whereas they believe British policy is coldly calculating and sly.

"American world policy has always favored the existence of one strong stabilizing power in the Far East," one eminent Japanese diplomat said to me. "But does Washington not realize that if Japan crashes there will be no first-class power in East Asia except Soviet Russia? That would be a grave peril to world politics, regardless of what one's opinion may be concerning Communism or Russia's political organization. China, of course, will be a ruin for a long time, so far as becoming a great power is concerned, even if the war were to end today."

This same diplomat told me it was the belief of his government that England is, quite unaware, being used as Russia's catpaw in the China conflict.

"It is Russia's considered policy to prolong this undeclared war by every possible means. Russia hopes to see it end with a ruined Japan and with a sovietized China. But Russia does not mourn over the fact that prolonging hos-

tilities is ruining China too, for such ruin would leave the Soviet the undisputed giant of all Asia. Consider carefully the fact that Russia is today the only country in the world that is smiling over the hostilities between Japan and China. All the other nations are either deeply worried about their trade and other interests in China, or else are merely sympathetic because of the vast human misery that the conflict entails."

This same informant expressed the conviction, also held by the Government at Tokyo, that if Japan were to withdraw from China immediately, the Chinese people and Government would immediately revert to basic anti-foreignism.

"And you would see," he concluded, "that they would be anti-British first of all, anti-American second, anti-French third, and anti-Soviet last of all."

Japanese leaders all believe that if by any unimaginable turn of fate China should win this war, there would be nothing left for anybody in East Asia. But they are actually so confident that they do not admit there is even a remote possibility of Japan not emerging from the struggle a complete and decisive victor. That is why they call British policy "contradictory," for they fail to see that Britain probably envisages a Japanese defeat.

"England is so foolish and short-sighted," a prominent Japanese told me. "She tries to prolong the war, and hopes thereby to safeguard her interests in China, and eventually to greatly expand them. But if this policy is continued, Britain will simply lose all she has out here, for Japan will certainly win. Young and vigorous nations cannot lose—old na-

tions eventually must. Britain should try to stop the war, and thereby save what is left to her out here. Naturally, British interests, having been predominant in China, have suffered. We Japanese have an ancient proverb that runs to the effect that when the wind blows strongly, the tallest trees must either bend or break. So far England has shown no signs of being willing to bend."

There is no doubt but that the Japanese are now strongly, even violently, anti-British in thought and feeling. And this bias has deep historical roots—a fact that is made plain when a Japanese is asked why Japan harbors such deep resentment over British loans to China, whereas American loans and credits to the Chungking regime apparently arouse little or no Japanese hostility.

"Why has the American credit of US \$25,000,000 to China not angered Japan," I asked, "whereas Britain's loan of £5,000,000, almost exactly the same sum, has aroused a storm of anti-British denunciations?"

The reply was to the effect that America's whole attitude had been "fundamentally different," not only since the beginning of the hostilities in July, 1937, but for many years before that now historic event.

Since the outbreak of this undeclared war, the Japanese say, the attitude of the American Navy in the Far East has been impeccably correct. And this does not imply that our Admiral of the Asiatic Fleet, Harry E. Yarnell, has been a softy where the Japanese are concerned. Quite the reverse is true. Admiral Yarnell, from the first, has been stern and unyielding where American interests are concerned; but he

has, in the view of Japan, been just and fair, whereas the Japanese accuse the British Navy of being prejudiced and peevish in its attitude, and time and again with adopting a pose of superiority.

It is not a coincidence that Japan settled promptly and in full, without a quibble, for the sinking of the *U.S.S. Panay*, whereas thus far not a penny of settlement has ever been made for the loss of life and damage on *H.M.S. Ladybird*, which was shelled from shore at Wuhu the same day the *Panay* was sunk—in mid-December, 1937.

"The policies of the British and American Navies have been absolutely different from the very start," explained a Japanese spokesman. "The American Navy realizes that, whether wisely or unwisely, a big war is going on, and that shells and shrapnel might reach rash or careless bystanders. But the British attitude is different. They insist that since there has been no formal declaration of war, they can go anywhere at any time; and when their ships sustain casualties or damage, the British Lion emits a frightful roar.

"The temper and temperaments of the American and British Governments and public are basically different. Even when the *Panay* was sunk by a Japanese bomber, there was no discussion of active reprisals, but instead some members of Congress, some newspapers and many prominent leaders advocated the withdrawal of all Americans from the vicinity of hostilities."

Japanese friendship for America goes farther and deeper than reason would justify. For instance, the Japanese still recall with considerable bitterness that England withdrew

from the Anglo-Japanese Alliance at the Washington Conference, although Japan had been an irreproachably loyal ally of Britain during the World War. Japan was in difficulties when this pact was cancelled, and considered herself distinctly let down.

But actually the Washington Conference was called by President Harding and Secretary of State Hughes, and although the initial secret suggestion for such a conference came from Downing Street, America's main aims at that time, aside from naval reductions, were to divorce Japan and Britain and to oust Japan from Shantung Province, where, under the Treaty of Versailles, she had gained what was considered a dangerous foothold. But, paradoxically enough, Japan nourishes no ill-will toward America for this stroke of diplomacy.

Japanese claim that the British have studied and understand China thoroughly, but that they have not bothered to understand Japanese psychology. In support of this charge they cite the number and general tone of British protests to Japan, and the fact that these protests are often made without previous inquiry into the facts and possible justification of Japanese acts.

For instance, after the Japanese resumed traffic on the Shanghai-Nanking Railway, in which British bondholders have a very large interest, all station signs carrying the names of towns and cities in English and in Chinese were torn down and were replaced by signs giving only the Japanese names for these places—and in Japanese characters.

The British protest was loud and violent. Here, they said,

was a flagrant anti-British act, and an attempt to Japanize China. But as a matter of fact, the old signs had been torn down because they could be read by Chinese terrorists and guerrillas who might be traveling on the trains in disguise and making notes on the distances from various towns and cities to bridges and tunnels that might be dynamited. When the Japanese deigned to explain, which was not immediately, the British were mollified.

British and other foreign investors in Chinese Government-owned railways are now feeling somewhat easier in their minds, for they have been reassured that even though these railways are being taken over by Japanese-controlled companies, the foreign investors will eventually be adequately protected. But this matter must await the conclusion of hostilities.

I learn, indirectly, that whatever Chinese Government finally evolves from the present chaos will, under the ultimate peace settlement, be obligated to pay Japan for railway damages and losses, and that although title to these railways will be vested in Japanese companies, Japan will reimburse foreign bondholders and creditors from the payments she expects to receive from the Chinese Government of the future. This unique arrangement will probably be based upon the equally unique argument that China started the war and forced the fighting, and that the destruction of railways was merely due to the fact that Japan had to take up the challenge.

Japan professes to desire perfect independence for China, and declares that among other aims behind the current hos-

tilities is a determination to free China from her "semi-colonial" status in relation to the Western Powers.

This "semi-colonial" argument is based upon the fact that the Chinese Maritime Customs is heavily staffed with foreigners of many nationalities, with a Briton always in the post of Inspector-General, and a majority of the Customs Commissioners at various ports being British. To this the Japanese add the continuance of extraterritoriality and the foreign control of the Shanghai Municipal Council. The continued existence of the International Settlement at Shanghai, and of various concession areas, is also listed as evidence of China's partial subjugation, as is the fact that many key positions in the Chinese Posts are held by foreigners, mostly French.

Here the historical roots of Japan's fundamental anti-British attitude come to the fore. Japanese leaders complain that the British control of the Maritime Customs has brought about a condition under which "other than British trade with China has existed merely on sufferance." They make no charges of illegal activities on the part of Britons in the Customs service, but complain that the official languages of the Customs have always been English and Chinese, as they have always been in the International Settlement at Shanghai, and that at all the open ports in China the two posts of most dignity, and usually the two buildings of most prominence, have been those of the British consular service and the Customs Commissioner and his residence.

"America's basic policy in the Far East, the Open Door

and equal opportunity in China, have actually been dependent upon permission of the British for their partial functioning," said one Japanese diplomat to me, with considerable bitterness.

Unquestionably Japan is now bent upon redressing wrongs and slights, real or imagined, suffered at the hands of Great Britain in China for many years past. Japanese in the customs service have had their status and pay raised; Customs import forms may now be filled out in the Japanese language, and in the International Settlement at Shanghai Japanese members of the police force have enjoyed a substantial raise in pay and in status, but even so are not yet treated with full equality with the members of the force of the white races.

But let no one be deceived by anti-British demonstrations carried out by Chinese mobs in Japanese-occupied territories. The Chinese do not hate the British, and these mobs are unquestionably hired riff-raff and hoodlums, or else are made up of starving unemployed who will do anything to gain the price of a bowl of rice and noodles. In Tsingtao, it is reported, anti-British Chinese mobs stoned the British Consulate. This was not a spontaneous outrage. If Chinese mobs dared to do so, they would tear down the Japanese Consulates with their bare hands, but under Japanese instigation they demonstrate against Japan's enemy—Britain. And it may well be America's turn next.

Despite the many announcements from Tokyo about Japan's "immutable policies," there seems to be considerable uncertainty and mental groping as to what peace terms

will eventually prove acceptable, even assuming that Japan is an out-and-out victor in the present conflict.

If representative Japanese spokesmen are asked frankly if they do not envision at least half a century more of "semi-colonial status" for China, but with Japan acting as the guiding and dominant power in the future, they are apt to reply:

"By no means. That would be possible only if we kept our Army in China, and such a thing is impossible if China is to be our friend. We envision China as friendly but enjoying complete independence."

And yet, General Itagaki, the Minister of War, in the late winter of 1938-39, told the Diet that Manchoukuo and China would, in future, probably permanently garrison most of Japan's regular army.

Asked if Japan plans on including in eventual peace terms a demand that China conclude a mutual-defense pact, similar to that treaty under which Japan can send to or keep within Manchoukuo any number of Japanese troops her General Staff deems necessary, the reply is nearly always in the negative, but coupled with the definite assertion that China, instead, must join the Tokyo-Berlin-Rome anti-Comintern axis.

Japanese leaders are under no illusions as to the difficulty of the task they have before them of winning the friendliness of the masses of the Chinese people. They themselves say, and firmly believe, that the Chinese, as a race, lack patriotism in the sense in which patriotism is cherished and honored by Japan and the Western World. The Chinese

fight, they say, not because of love for their own country, but because of hatred for their enemies and toward all aliens in general.

One of the most unusual phases of this undeclared war is the fact that the Japanese do not seem to hate the Chinese people. The Chinese hate the Japanese; of that there can be no doubt. And it is not to be wondered at, in view of the widespread bombing and destruction of Chinese cities, and the fact that upward of 30,000,000 people have been forced to abandon their homes and farms as the lines of battle have been pushed steadily inland.

Even during the first weeks of the fighting, late in the summer of 1937, Japanese civilians were literally torn to pieces by frenzied Chinese mobs in Shanghai's foreign-controlled areas; and it would no doubt be a grim fate that would befall any Japanese who was set down unprotected in any inland Chinese city today.

And yet even now, after nearly two years of warfare, nearly 18,000 Chinese civilians continue to reside in Japan. They are not only not molested, but they have no passports, are subject to fewer police regulations than are other aliens, and do not suffer even the suggestion of a business boycott. Most of these Chinese in Japan are shopkeepers, restaurant owners, tailors and barbers. The Chinese restaurants, serving Chinese food, do a roaring business.

Nagasaki, a city of about 250,000 population, offers a good illustration of the way Chinese are treated in Japan today. This seaport, the closest major Japanese city to the China coast, is only twenty-seven hours from Shanghai by express

steamer. More than 500 Chinese civilians reside peacefully in Nagasaki. They have their own schools for their own children, and the Chinese and Japanese schools hold friendly athletic meets. They also have their own Chinese Buddhist temples at Nagasaki, and two of them are of such antiquity and architectural beauty that they have been listed with Japan's "national treasures" and enjoy protection and a measure of financial support from the Government.

In Osaka, where there is a large Chinese colony, the Bank of China branch continues to operate without official interference. And the Bank of China is owned by the Chungking Government.

There is one grave problem existing between the United States and Japan that will, in time, probably become more serious even than the problem of reopening the Yangtze, or the grievances that will certainly arise in connection with the plan for public utility monopolies. I refer to the problem of the future status of American protestant missionaries in the portions of China occupied by the Japanese Army.

No Japanese, military or civilian, want American or British Protestant missionaries to return to the occupied areas, with the exception of a few medical missionaries. They make the broad charge that most of the educational and evangelical missionaries are not only personally bitterly anti-Japanese, but add that they encourage their converts and other Chinese to continue policies of resistance and non-co-operation. In fact, they charge that most American and British protestant missions in the occupied areas are actual "centers of resistance," and that such a condition of

affairs cannot long be tolerated. They say, and not without reason, that if the missionaries cannot refrain from being anti-Japanese leaders, they should pack up and leave—that they should either go back to their homelands or migrate into provinces still controlled by the Chungking Government.

Unhappily, these charges are sometimes well founded, although possibly not in the sweeping and all-inclusive form in which they are made. This writer knows more than a few missionaries who, whatever may be their inmost feelings, have the good sense to keep their mouths shut and realize fully the fact that they are trying to carry on their work in a country in which one of the greatest wars of this century is being waged.

The emotional and mental attitude of the average missionary is easy to understand. He has probably been driven from a district where he has worked earnestly for many years. His mission buildings may have been bombed and destroyed, his flock of converts scattered, impoverished—many of them may even have been killed. Naturally the missionary's sympathies are with the Chinese people; their sufferings stir him profoundly. All of this is easy to understand, and it is easy to understand why he may hate the Japanese upon whom, his background and sympathies being what they are, he will place full blame for what has been visited upon the Chinese nation.

But the missionary's feelings and sympathies should not get the better of his judgment, and his judgment should tell him that by encouraging or directing anti-Japanese feelings

and activities in his field of endeavor he not only endangers his future status and usefulness, but may be criminally instrumental in bringing further hardships upon the Chinese people in his vicinity. Moreover, he may involve the United States in a very serious disagreement with the Japanese Government.

When this issue is aired before the American public as a grievance against Japan, there is danger that American opinion will be stirred to hostility. The plea will be made that refusal to permit missionaries to return to their stations is a violation of the privileges of extraterritoriality, and Japan will be charged with discrimination because Italian, German and French missionaries are being permitted considerable freedom of movement and of action. American public opinion will probably not make allowances for the fact that Italian and German missionaries are not anti-Japanese because of the Tokyo-Rome-Berlin axis; and the important consideration remains that there has never been any evidence of Catholic missionaries meddling with domestic or with international politics in China, and the vast majority of German, Italian and French missionaries are Catholics.

Our mission interests in China are dear to the hearts of the American people, but this matter should not be permitted to become an issue of bitterness. Missionaries of all nationalities and of all denominations yielded, however unwillingly, to new and often drastic restrictions imposed upon them when the Nationalists triumphed and founded the Nanking Government. In most cases they were not in sympathy with the new rules and regulations, but decided to

conform and continue their work as best they could. Once more faced with stern and bitter realities, they must again conform if their very valuable work is not to be interrupted or destroyed.

"We would have no objection whatever to the presence of missionaries in the occupied areas if they confined their activities to the teaching and preaching of Christianity," said one Japanese official discussing the situation with me. "We admire Christianity as a religion that preaches a gospel of love—not hatred. We recall the admonition to turn the other cheek. But we do object to missionaries who preach a gospel of hate, who are politically active against Japan, and who encourage Chinese resistance and non-co-operation. When they engage in such activities, they are no longer representative of the Christian men and women of the United States who sent them to East Asia, and who finance their maintenance here."

Broadly speaking, the Japanese are disposed to be lenient with missionaries, with Chinese and with foreigners—provided they can have their own way in certain matters which they consider vital to the future security and greatness of their Empire. They concede that the "good neighbor" policy is the best policy, but will not be denied important fruits of their victory—if in the end they are victorious.

They admit that it may seem contradictory to be fighting the Chinese with the aim of ultimately winning their goodwill and friendship, but are convinced that certain basic phases of anti-Japanism had to be eradicated before the two nations could ever live in harmony. Their method of eradi-

cating these basic factors is to use fire and sword, shells and bombs. The Japanese may be wrong in their methods—probably they are—but at least they are sincere. And, moreover, they are frank and honest when discussing their policies and motives with a listener whom they believe to be not prejudiced in advance.

19.

NEWS AND PROPAGANDA

THE PEOPLE of the United States, watching the long-drawn agony of the struggle in China, must base their opinions mainly upon what they read in the newspapers, and to a lesser degree upon magazine articles and the pronouncements of lecturers. How, then, are they to judge between the true and the false? Which sources of information are accurate and unprejudiced, if any, and which are to be ignored as either subsidized or biased?

The Chinese are masterly in their handling of propaganda—and are also utterly unscrupulous. The American public will still remember with aversion and horror the hundreds of ghastly pictures of the victims of bombings in Shanghai that were circulated all over the world as evidences of Japanese wanton atrocities. But the truth of the

matter is that most of those photographs showed the results of Chinese bombs which, because of the panic or ineptitude of Chinese airmen, fell in the International Settlement or French Concession at Shanghai.

The pictures of the results of Japanese aerial bombings at Nantao, the old "native city" of Shanghai, were authentic, but some of them were posed. Earlier photographs were taken after Chinese airplanes had bombed Nanking Road and the Palace Hotel, had killed and wounded upward of 2,000 people (most of them Chinese) at the junction of Avenue Edward VII and Thibet Road, and had killed and wounded nearly 1,000 more civilians when the Sincere and Wing On department stores on Nanking Road were wrecked by an Italian-made bomb dropped from a Chinese airplane from a height of about 12,000 feet.

Weeks later several very small Japanese aerial bombs landed in the foreign-controlled areas of Shanghai, but the combined casualty lists of those accidental affairs were less than forty killed.

I hold no brief for Japan's air force, nor for the detestable callousness with which the Japanese bomb great crowded Chinese cities, but merely cite these cases to show the Chinese cleverness, and the Japanese clumsiness, at propaganda. Even during the height of world-wide censure of Japan for showering death from the air upon thousands of helpless civilians, the Japanese did not once point out that for several years General Chiang Kai-shek's own airplanes had ruthlessly bombed Chinese cities and towns. This bombing began at Foochow, when the Nineteenth Route Army, the

heroes of the fighting against the Japanese at Shanghai early in 1932, mutinied and rebelled. It was continued for several years through half a dozen provinces while Chiang Kai-shek harried the Chinese Communist armies.

Politically there is a distinction to be made between aerial bombings by an alien invader and aerial bombings carried on by an established government against armies opposing it in a long civil war. But from a humanitarian viewpoint there is no distinction to be drawn, and the humanitarians for years viewed Chiang Kai-shek's bombings of Chinese civilians with silent equanimity.

In general, anything that the newspapers correctly quote as an "official announcement" by a Japanese Army spokesman may be accepted as a fact, whereas fully half the time Chinese official military communiques are far from the fact, either because of extravagant claims or because of reticent half truths which, for "face saving" purposes, deliberately mislead the public, both in China and abroad.

When the Japanese announce that they have captured a town or a city, that announcement may be believed. Chinese headquarters in Chungking will vociferously deny the loss of the place for about three days, declaring that all Japanese attacks are being beaten off, and then will deceptively admit that "for strategic reasons" they have temporarily withdrawn.

What good these Chinese evasions and false denials are expected to accomplish I do not know, but I do know that in the long run they have had the effect of making most foreign correspondents in China so distrustful of Chinese

official communiques that Chinese claims are usually cabled abroad gingerly and with qualifications. Some day a Chinese spokesman will make a truthful statement about something of major importance—and will not be believed.

Only once since hostilities began have I known of a Japanese Army or Navy spokesman deliberately telling a whopper about a military development. That was in Shanghai in August, 1937, when the first Japanese Army landing was effected near the confluence of the Whangpoo and Yangtze Rivers. The announcement was that the Japanese had "landed in force," and when an American correspondent asked how large the force was that had been put ashore under Chinese fire, the spokesman said: "More than 70,000 men." Actually only about one-tenth that number of soldiers got ashore that first day, and probably the willful exaggeration was given out in order to deceive the Chinese.

In the spring of 1938, when the Japanese met with real disaster at Taierchuang, in their drive upon Hsuechow, all Japanese Army spokesmen deliberately lied for days on end by saying they had "no news" from that vicinity; so, perhaps, if they had met with as steady a series of disasters as the Chinese have experienced they would be untruthful, too. Time may tell.

I do not think there can be any such thing as "civilized warfare." The two terms are necessarily contradictory. But there can be warfare according to some generally accepted rules, and there can be warfare comparable to a boxing bout where hitting below the belt is practiced by both sides. It is the latter kind of conflict that is going on in

China; or, rather, it is a conflict between two Oriental peoples, and is perhaps carried on under Oriental rules not understood or condoned by the rest of the world. Certainly there has been what to an Occidental seems a horrifying amount of savagery. It is no secret that few prisoners are taken by either side and that the wounded abandoned on the field are often killed; or, if they are of the enemy and their injuries are probably fatal, are left to die where they lie.

Both sides have made charges about the use of poison gas, but I have never been able to verify the use of gas shells by the Japanese and believe their denials. Nor do I take much stock in formal Japanese claims that they have found "absolute evidence" that the Chinese are using gas shells.

Each side makes charges that the other occasionally uses false markings on airplanes, and that misuse is made of the flags of neutral nations. It is incredible to me that the proud Japanese would put Chinese markings on their planes, and besides they have such command of the air that there is no need for adopting such a dubious practice. Nor do I believe that the Chinese, hating the Japanese as they do, and having a genuine pride of race, would paint the Rising Sun emblem on their planes.

Unhappily the Japanese charge that the Chinese abuse the flags of neutral nations is well established—and this fact is often used by the Japanese as an excuse for poor marksmanship or for what may be, at times, the deliberate bombing of third Power property. It is well established that the

Chinese, through error or poor marksmanship, have often bombed their own lines and positions. Time after time in August, September and October of 1937, when Chinese planes were trying to hit Japanese ships in the river at Shanghai, their bombs fell into Chinese positions across the stream, in Pootung, with devastating effects.

In the interests of truth and fairness I am inserting here, with the consent of the writer, and with the approval of the Japanese Embassy in Shanghai, a personal letter from Mr. Shinrokuro Hidaka, who was Counsellor of Embassy at Nanking when the hostilities began, and who was later Japanese Consul-General in Shanghai and official spokesman for the Japanese Embassy and Consulate-General in the early months of the conflict, when press conferences were held twice daily. He is now a member of the powerful Asia Development Board.

Mr. Hidaka is my friend. He is a man of great charm, of fine mind and of high integrity. If there were many men of his caliber in both Tokyo and Chungking it might be possible to find some way to bring the long Chino-Japanese war to an equitable conclusion. But let him speak for himself.

Tokyo.

May 14, 1939.

MY DEAR MR. ABEND:

Since my return to Tokyo the usual pressure of work has been keeping me, against my will, from writing to you, although I often had news of you through friends coming from Shanghai. However, I am now prompted to do so by a news broadcast of the Central News Agency from Chengtu

on the 4th of May, to which my attention was drawn by chance. You will recall that in Shanghai we frequently had occasion to talk on Chinese reports about Nanking; it is another Chinese news allegation which now brings us into correspondence. Here is the gist of the broadcast in question:

"Chinese authorities flatly denied reports from Tokyo that the Chinese planes which bombed Japanese troop concentrations in the north of Hupeh Province on the 29th of April were marked with the Rising Sun emblem of Japan. They insisted that Chinese planes were always clearly marked with the regular Chinese emblem of the white sun against a blue sky, and that it was rather the Japanese who abused Chinese markings.

"In this connection they recalled that, when Shinrokuro Hidaka, Counsellor of the Japanese Embassy in Nanking, was on his way back to Japan after the Lukouchiao incident in 1937, a Japanese plane carrying Chinese markings was observed attacking Pukow as his party reached The Bund in Nanking, and that when a representative of the Waichiaopu (the Chinese Foreign Office) who was to see them off called Hidaka's attention to the plane, the latter appeared quite perturbed and remained silent. Chinese military authorities are sure that the allegation has been made by the Japanese undoubtedly for the purpose of defending their wanton aerial activities in the future."

This broadcast recalls to my mind the first air raids on Nanking by the Japanese air force, which took place on the 15th and 16th of August, 1937, and which, incidentally, I happened to witness together with a large number of my friends, foreign and Chinese. The particular "air raid" referred to in the broadcast took place on the afternoon of August 16th, at about 3.30 P. M., when twenty-three of us from the Japanese Embassy, accompanied by officials of the Waichiaopu and by Chinese gendarmes—I have always had a happy memory of their correct attitude—arrived at The Bund on the Yangtze to cross to the Pukow side on the ferry.

According to my recollection, what actually happened was—and I am confident that the members of our Embassy staff who were then with me will vouch for the truth of my account, and the Chinese friends of mine who happened to be on the spot then will honestly admit it—that just as we arrived the siren screeched out a warning that planes were approaching, and the Chinese crowds scrambled for shelter.

We were told to take refuge in the waiting-room of the Tientsin-Pukow Railway ferry station, which was away from the crowds, and where we would be away from the scene of the air raid. About half an hour later the state of alarm passed and we left the waiting room and were taken to a ferry that was especially assigned to us.

When the ferry was more than half way across the river, we sighted a rather small biplane flying down stream. This was not the big monoplane that became famous as the "Trans-Ocean Bomber" following memorable raids on Nanking. The Chinese markings were clearly visible on the wings despite the low clouds, because the plane was flying at a low altitude and traveling slowly. There were no other planes in sight at the time. I remembered that when the Japanese planes were over Nanking, both on that day and the day before, they came in groups of two or more. There was therefore no question that this lone biplane was Chinese, but as it flew over Pukow, anti-aircraft batteries burst out from various quarters, apparently with the poor plane as their target.

This was not the first time that I witnessed a similar sight. On the previous day, following Japanese air raids, I had seen two Chinese military planes with clear markings on their wings, returning to their landing field. As the planes approached, they were subjected to a fierce action of anti-aircraft batteries so that it was a very long time before they finally managed to land. This scene was witnessed not only by myself but also by several of my foreign colleagues and foreign journalists.

But to return to the fire directed upon the lone biplane;

it ceased for a while but recommenced just as we reached the landing stage at Pukow, and continued intermittently until our train pulled out shortly after 5 o'clock.

It is a fact, as pointed out in the Chinese broadcast quoted above, that I remained silent in the ferry. It was because I felt that silence was the most appropriate attitude I could take under the circumstances. I was then leaving my post with my staff under rather unusual conditions, and was about to embark upon a long strange train journey under official escort, which was to take me through hostile territory and among excited or terror-stricken people. Fortunately this trip came to an end without event 32 hours later at Tsingtao, where we were able to embark. Even today I still feel that I was right in keeping silence at that time.

[NOTE: Mr. Hidaka and his staff were trapped in Nanking by the sudden outbreak of fighting at Shanghai. The Nanking-Shanghai Railway was cut, and the highways led through the Chinese lines. The Chinese Government therefore sent the Japanese Embassy staff, under special escort, northward over the Tientsin-Pukow Railway to Tsinan, from where they reached the seacoast by traveling by rail to Tsingtao.]

These are the facts as I know them. As you no doubt have seen, the Chinese news broadcast is not entirely unrelated with the facts. But while it may not be anything new to you, who have so much experience and knowledge of the Chinese methods of news distribution, the thing which to me is of particular interest is the fact that, if the Chinese officials who saw me off are still genuinely under the belief, as the news broadcast would have it, that Pukow was raided by "Japanese planes which had Chinese emblems," they have been suffering for more than twenty months from the same mistake made by their military compatriots who showered almost fatal shells and bullets on their own planes on the afternoon of August 16th, 1937.

I am sure that if I had been in Shanghai, and had been attending the old Press Conference with the correspondents

of my time, the explanation just given would have created hearty merriment and a good laugh among them. This thought carries me back fondly to the pleasant days I had with you all in Shanghai.

In closing I wish to add that I should have no objection whatever should you be inclined to take such steps as you might consider useful in order to correct the error made by the Chinese gentlemen in charge of publicity, who now appear to think it more effective to quote living diplomats than to put, as they have often done in the past, words into the mouths of prisoners or attribute actions to the dead.

Yours very sincerely,
S. HIDAKA.

Actually the time for useful propaganda concerning the Chino-Japanese conflict has passed. The propaganda battle was as bitter as the military conflict, and China was a triumphant victor therein. Most of the world unreservedly condemns Japan and sympathizes with China. This is natural and proper, for humanity always will be revolted at the sight of the strong attempting to beat the weak to the ground.

But history will make some corrections of fallacies now widely believed. It may never be determined which side fired the first shots near Marco Polo Bridge on the night of July 7th, but the statement that Japanese troops had no right to be carrying on maneuvers in that vicinity are incorrect. Indisputably they had that legal right, and equally indisputably it was unwise and provocative to be carrying on maneuvers at that time when North China was tense with apprehension and distrust.

Another untruth that has gained the widest possible

credence is that the Japanese deliberately precipitated the fighting at Shanghai on the night of August 13th, 1937. They did no such foolish thing. At that time there were nearly three divisions of Chinese troops facing the Japanese positions in Hongkew and Yangtsepoo, and the Japanese had less than 3,000 marines in all of Shanghai. There were then no Japanese soldiers any nearer Shanghai on the Asiatic mainland than Tientsin and Peking, 800 miles to the north, and there were even no transports enroute taking Japanese soldiers toward the great seaport.

Japan very evidently hoped to confine the conflict to North China, and to win a quick and decisive victory that would give her control of everything north of the Yellow River. It was Chinese political and military strategy that was responsible for the outbreak of hostilities at Shanghai. Japan refrained from sending reinforcements there lest such a precaution precipitate a conflict in a zone where she did not want to fight at that time. This precaution was almost a fatal blunder, for several times, especially on August 19th, the handful of Japanese defenders were nearly pushed into the Whangpoo River. Had this occurred, there would probably have been a ghastly massacre of thousands of Japanese civilians still in Hongkew—men, women and children—and the Chinese forces might even have attempted to rush the International Settlement south of Soochow Creek, and the French Concession.

But these points must be left to future historians. Chinese- and Japanese-inspired news and propaganda no longer concerns itself with the origins of the conflict, and if it did so

the public would not be interested. Chinese efforts are now directed to embittering the third Powers against Japan—and Japanese actions and policies give them material in plenty. Japanese propaganda today is largely devoted to futile efforts to make third Powers believe that their rights and interests in China will survive the conflict unimpaired. Unfortunately for the Japanese writers and speakers and diplomats, the pronouncements of their Army leaders, and the announced policies of their Government, grotesquely condemn their efforts to failure.

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20.

WORST FOOT FORWARD

WE IRREVERENT news correspondents in Shanghai called them "The Trained Seals," because they did exactly what they were told to do, and because they barked so prettily for the raw fish they were given nightly at the Japanese dinner parties held in their honor.

"The Trained Seals" were a strange group—Americans and Britons—brought from Japan as the guests of some department of the Japanese Government to see some of the glories of that much-talked-of New Order in East Asia. "The Trained Seals" were supposed to be "writers and newspaper men," but most of them, as it turned out, were teachers in Japanese schools and universities. Those of us who lived and worked in Shanghai wondered what sort of impressions "The Trained Seals" would take back to Japan

with them, what kind of things they might write—if any—what tales they would tell.

One of them edged up to me at a cocktail party one evening and, with a markedly British accent, astonished me by saying:

“These sentries on Garden Bridge—they really behave abominably, don’t they? What?”

The conduct of the Japanese sentries in Garden Bridge had long been a scandal in Shanghai. But to have a “Trained Seal” admit it! I’d as soon have expected a German Consular official to call Hitler a bully and a moron.

“Yes,” I readily agreed. “The situation is really very bad. Some day their conduct may result in violence or bloodshed—and what then?”

“The British commander here should take steps,” was the next surprising declaration from the visitor from Japan. I began making mental apologies for having called this particular barker any kind of a seal—trained or untrained. And then, before I could ask “What steps?” the fellow almost floored me by saying:

“These Scottish soldiers are a disgrace to the Empire. They are uncivil and overbearing. I shall write a letter about it to a newspaper in Bath.”

So, perhaps, it’s all in the viewpoint, after all.

But Shanghai’s viewpoint, well established after nearly two years of endurance of Japanese military control of the Garden Bridge and other bridges across Soochow Creek, is that the conduct of the Japanese sentries there is disgraceful and largely unjustified, and that only remarkable fore-

bearance on the part of foreigners has averted a serious clash. The kilted Scots sentries, the British soldiers who preceded them, the Shanghai Russian Volunteers, and the foreign members of the International Settlement's police force who are on duty on the south half of the bridge are alert and courteous, but firm when the Japanese try to encroach beyond their own lines.

From the middle of the bridge northward, however, conditions change. Scowling, gruff-voiced and arrogant-mannered Japanese are in control—Japanese marines, Japanese soldiers, Japanese consular police and Japanese members of the Settlement's police force. The latter, occasionally, seem to forget that they are hired and paid by the International Settlement and appear to think and act only as sons of Nippon.

The Hongkew and Yangtsepoo portions of the International Settlement, lying north of Soochow Creek, have always been listed as the Japanese defense sector; thus, when fighting began at Shanghai in August of 1937, it was these areas that the Chinese attacked. The Japanese, of course, declared martial law, forced the evacuation of all except Japanese civilians, and took over control of the northern half of the bridges.

After the lapse of nearly two years, the state of martial law still exists, the Japanese still control traffic over the bridges. The Municipal Council of the Settlement is still not permitted to resume its administrative rights. But there has been a measure of business resumption, and traffic over the bridges is now enormous. Foreigners are permitted to

cross without question or challenge, but Chinese must carry passes showing their passport photographs and richly decorated with various Japanese "chops." More than 300,000 of these passes have been issued, and traffic is so heavy that the pretense of examining Chinese for weapons and bombs is a farce, but still the Japanese will not withdraw their guards and permit the return of normal conditions.

Garden Bridge could have been made a splendid advertisement for the Japanese. If the sentries were well behaved, intelligent and even half-way courteous, the military control could and would have won a reluctant admiration even from those elements of Shanghai's mixed population who resent control of any kind; and Garden Bridge, where Japanese authority meets more Americans and Europeans than at any other one place in China, could and should have been made into the equivalent of an attractive window display for "The New Order in East Asia." Instead, it has been the scene of so many abuses and outrages that Shanghai gets the jitters over every new hint or threat that eventually the Japanese may forcibly take over the International Settlement and the French Concession.

I have pointed out these facts to two successive Japanese Ambassadors at large, to two successive Japanese Consuls-General, and to many other members of Japan's diplomatic and military forces. All agree with apparent enthusiasm that the bridge guards should be specially trained men, and then all end up by striking the same plaintive note, saying, in effect: "I know, but what can we do?"

"What has happened to these people over here?"

The questioner was a European friend of mine who has lived for more than a decade in Japan. He was making his first visit to China since the hostilities began, and had come to me in genuine bewilderment.

"I know the Japanese people very well," he continued. "I enjoy living in Japan. The Japanese are a kindly, cheerful race, quick to respond to any sign of friendliness. But here—good lord! They have developed what I've named 'The China grimace' on their faces, and what I call 'The China growl' in their voices, and 'The China arrogance' in their manner. We hear vague and disturbing rumors about these conditions over in Japan, but if I hadn't come and seen for myself I wouldn't have believed it. May I have another whisky-soda? I need it."

And need it he did, for that afternoon he had been through two unpleasant but typical experiences. First, he started to walk across Garden Bridge with an unlighted cigarette in his hand—unlighted because he had been told the Japanese sentries considered it an insult if anyone passed their barrier while smoking. A Japanese Consular policeman stopped him with a grunt, pointed to the cigarette, and then with a smart slap with his open palm knocked the cigarette from the foreigner's hand. Then he yelped something that sounded like "Kush!" and thumbed him on across the bridge.

After this experience my friend, the European visitor from Japan, walked on over to the ruins of the old North Station, to say farewell to a Japanese friend who was taking the train to Soochow.

"I couldn't believe my eyes," he told me, as he drank deep from his second whisky-soda. "More than a hundred coolie-clad Chinese were standing in line on the platform—men, women and half a dozen children—their passes and their tickets in their hands. And there was a Japanese soldier, rifle on his shoulder, running up and down the line, yelling in a sort of senseless frenzy, and thumping those helpless people on their heads with the heel of an old shoe which he carried in his left hand. Such a scene would be unimaginable in Japan."

But to get back to Garden Bridge, where the Japanese rules are that all Chinese, on approaching the Japanese sentries, must remove their hats, must hold up their passes for inspection, and must bow with deep respect.

I have the doubtful fortune to hold a long lease on an apartment high up in the Broadway Mansions, a large hotel and apartment building just at the northern end of Garden Bridge. The building was closed during the hostilities in and around Shanghai, but I moved back there in January, 1938, and have crossed Garden Bridge more than a dozen times a day for nearly a year and a half. So I know whereof I speak when I say that there have been literally countless cases of unwarrantable brutality on the part of the Japanese sentries. Japan will never win the co-operation, much less the friendship, of the Chinese people, so long as she permits her armed men to beat up unarmed and unoffending Chinese civilians.

A case in point. One bright and sunny day late in April of this year my car was stalled by a traffic jam near the mid-

dle of the bridge at the noon hour. A loaded truck ahead of me was being carefully searched, and I sat and watched the constant stream of Chinese pedestrians doffing their hats, bowing their heads, and showing their passes to the guards.

A little old Chinese woman with a kindly, wrinkled face came hobbling up to the Japanese sentry—the type of decayed gentlewoman with tiny bound feet, head almost bald, and a wisp of gray hair held in a tight knot at the back of the head by a long jade hairpin. The poor old woman looked afraid, almost panicky, as she approached the sentry, but she summoned up a pleading, ingratiating smile, held up her pass, and bobbed her head. Bow she could not—her tiny bound feet afforded no balance.

The head-bobbing did not please the broad-shouldered, burly, bow-legged Japanese soldier. He was probably about twenty-two years of age, and the frail little Chinese woman must have been more than seventy-five, but this uniformed youth reached out, grabbed the old woman by the back of the neck, and gave her such a violent jerk forward and downward that she fell on her face not five feet from the front wheels of my car.

Struggling to a precarious standing balance on her tiny bound feet, still smiling that pleading smile, but with tears of fright and shame streaming down her face, the Chinese grandmother again held up her pass, again bobbed her head as low as she dared. The soldier growled something, then raised his knee, kicked the old woman in the stomach, and knocked her over on her back.

On Garden Bridge white men and yellow men are forced to witness scenes like this—and do nothing. Those who are afoot just turn their heads away and walk on. Those in automobiles grip the arms or the seats—and keep mum. Any one who would dare to stop and try to help such an old woman to her feet would probably get a blow from the butt of a rifle in the small of his back for his pains. He might even be dragged off to a Japanese military police station, kept incommunicado for hours, cross-questioned maddeningly by Japanese knowing almost no English—and an effort would probably be made to force him to sign an “apology.”

That April day when I was forced to sit inactive while the old Chinese woman was knocked flat twice by a uniformed young ruffian less than a third her age was only one of many days when the warmth went out of the sunshine for me because of things I saw on Garden Bridge; that noon hour was only one of many times when I have reached my apartment too revolted and outraged to eat my waiting lunch or dinner.

Only a short time before that April day I had to sit inactive when a Japanese soldier on Szechuan Road Bridge struck my own Chinese chauffeur without any provocation whatever. The chauffeur brought the car to a full stop in front of the sentry and held up his pass. The soldier motioned for the driver to turn the pass, so he could see the “chop” on the reverse side. As he was doing so, the chauffeur dropped the pass on the floor of the car and stooped to pick it up; as he raised himself erect, the Japanese reached

in through the open front window of the car and struck the chauffeur a crashing blow full in the face with his fist. Oh, yes, I reported the matter at once to the proper Japanese authorities, but I doubt if the sentry was given more than a mild reprimand—if that.

Shanghai rings with stories of the brutalities of Japanese sentries, and some of the stories are of such a nature that they are told only in whispers, and when there are no women around; but here I write only of cases of which I have personal knowledge.

In one of the rooms of my place north of Garden Bridge there hung a large framed Chinese painting that belonged to an American friend of mine. He wanted it sent to New York. The picture, with frame, was too large to get into my automobile, so I asked the official Japanese Navy spokesman for a special pass so that it might be taken to my office, south of the bridge, for packing. The pass was given to me almost at once—the Japanese “higher ups” are always courteous and helpful and considerate, and usually honestly deplore the misconduct and brutalities of their underlings.

When two of my servants tried to carry the framed picture across Garden Bridge, the marine in charge of the sentries refused to honor the official Navy pass and ordered my servants back. I telephoned at once to the Navy spokesman, and he went personally to the bridge and gave verbal instructions that the pass was to be honored.

So we made another try, my servants Wang and Chang carrying the picture, I following along to see what might happen.

Plenty happened. The irate sentry scowled, muttered under his breath, deliberately kicked the framed picture, breaking the glass and damaging the silk upon which the painting was imposed, and then kicked both of my servants.

Not so nice, is it? Why, in the first place, should an American citizen have to get a Japanese pass to take a piece of American property from one part of the International Settlement to another part of that same Settlement? And having obtained the proper pass, why must he try to control his impatience when an ignorant or anti-foreign sentry refuses to honor the pass? And why, when he sees his trusted and well-behaved servants kicked in the seat of the pants by an armed bully, is there no means of redress?

No, Shanghai is not a pleasant place for residence, just now.

One of the glaring evidences of Japanese ineptitude and their inefficiency in handling complicated situations is that they frequently adopt new rules at night and begin trying to enforce them the next morning without any public notice or warning. There is an element of grim humor in the fact that often the Army will decide upon some new measure of traffic control on the bridges, but will not notify the marines or the consular police. All traffic, except for Japanese, is forbidden across the bridges between the hours of one A. M. and five A. M., by the way, but Japanese may cross at will at any time.

One night the Army authorities suddenly decided that it was disrespectful to the Emperor, or something fantastic

like that, for soiled passes to be used by Chinese crossing the bridge. All passes that were soiled or frayed, they ruled, must be turned in, and new passes must be obtained forthwith. Great was the traffic congestion next morning, and tremendous was the rush to have new passport photos taken.

About ten o'clock that morning a nice old coolie messenger employed by the Broadway Mansions tried to get across the bridge, from north to south, to deliver a letter. He was dressed in the distinctive uniform of the hotel, and his pass was quite in order, but not very clean.

The sentry stopped him, grabbed his pass, angrily tore it into bits, and flung the pieces into Soochow Creek. The poor coolie was scared, and started to run—back to the Broadway Mansions. A Japanese sentry, with rifle and bayonet, gave chase, and followed the panting coolie into the main lobby of the hotel portion of the building, which was then British property, though it has since been bought by a Japanese company.

The sentry grabbed the coolie by the collar of his coat and dragged him back to the middle of Garden Bridge. When the hotel manager arrived on the scene, two Japanese were beating the coolie in the face with the butts of their rifles, and the poor fellow lay bleeding and half unconscious in the middle of the roadway.

Despite expostulations and representations that the coolie was employed by a British firm, and that an armed Japanese had entered British property illegally to make an arrest, the coolie was dragged off to detention. Day after day his re-

lease was promised, and day after day the promise was broken. His employers finally began to fear that the hapless coolie must have died as the result of the brutal clubbing on the bridge and asked me to air the whole matter at the press conference.

I did so, and next day the coolie was released. He had been kept in custody until the worst of his cuts and bruises had begun to heal, but in five days he had been given neither food nor water. His employers took him to a hospital, and it was another fortnight before he was up and about again. Now he has a job on the other side of Garden Bridge, and nothing in the world can tempt him to go even within sight of Japanese sentries.

A short time before this lamentable case of the delivery coolie, the British manager of Broadway Mansions, and his private secretary, a British woman, had a misadventure and suffered harsh treatment and indignities at the hands of Japanese Army sentries on Chapoo Road Bridge, which is one block upstream from ill-famed Garden Bridge.

Now on Chapoo Road Bridge the wooden sentry boxes are placed on the roadway, and the sidewalks, back of the boxes, are usually blocked with barbed wire entanglements. This particular day, however, the barbed wire barricade on the east side of the bridge had been temporarily removed, to permit the passage of several hundred factory hands. The sidewalk being open, the Briton and his woman secretary went that way, and had proceeded but a few steps south of the sentry box when a furious and gesticulating Japanese soldier called them to halt. He ran up, grabbed the Briton

by the arm, and started to drag him back toward the middle of the bridge.

"Run and telephone to the Settlement Police," shouted the Briton to his secretary. She ran—to a nearby theater box office—telephoned, and then ran back to the bridge to report, where she, too, was placed under arrest. Before a British sergeant of police could arrive, both the man and woman were marched off down North Chapoo Road several blocks, with Japanese soldiers guarding them and occasionally prodding them in the back with a rifle.

These arrests occurred about eleven o'clock in the morning, but the two Britishers were detained until after four o'clock in the afternoon, were continuously cross-questioned, were refused the right to telephone to the British Consul-General, were given nothing to eat or drink, and were brusquely refused when they asked if they could send out and pay for sandwiches and a bottle of milk. Fortunately, the police reported to the British Consulate-General, and official intervention obtained their release late in the afternoon. They had for five hours steadfastly and very properly refused to sign written apologies and admissions of supposed guilt.

No wonder Shanghai is apprehensive over any hint or threat that Japan may "take over" the Settlement and Concession.

One Monday evening in April, at a five o'clock press conference it was officially announced that after five o'clock Wednesday morning no one would be permitted to cross any of the bridges without anti-cholera inoculation certifi-

cates. As yet not a single case of cholera had appeared any place along the China coast. On Tuesday all doctors were busy from morning to night giving anti-cholera injections, for most of the 300,000 bridge pass holders tried to comply at once.

I sent five Chinese employees, and the wives of two of them, to my own foreign physician, and paid \$35.00 for the treatment and the necessary certificates. All went well on Wednesday and Thursday.

Friday morning, however, I was in the living room of my apartment talking over an important matter with a high Japanese official when my cook broke in upon us, shaking with fear and excitement, and with tears of rage running down his cheeks. He had, it appeared, started across the bridge intending to go to market. A Japanese Consular policeman snatched his anti-cholera certificate from his hand, tore it into small pieces, which he scattered to the winds, slapped my cook's face, and then told him certificates from foreign or from Chinese doctors were no good—only certificates from Japanese doctors would be honored.

"Those stupid, ignorant asses," my Japanese friend commented, and then apologized volubly while he also advised me to telephone at once to the Japanese Consulate-General. I did so—they had never heard of such an order there, knew of no one who had authorized it. I protested loudly against having a Japanese Consular policeman destroy a certificate for which I had paid \$5. The Consular official offered to send a Japanese physician to reinoculate all my servants, cost free—a favor which I refused.

Later in the day this order was amended to the effect that certificates from foreign and Chinese doctors would be regarded as valid if stamped on the back by the Municipal Health Department, but meanwhile many hundreds of Chinese had been terrified and humiliated as had my cook by an attempt to enforce a foolish order concerning which no notification of any kind had been made to press or public.

The higher Japanese diplomatic, Army and Naval officials in Shanghai are being continually embarrassed by the apparently incurable habit of minor officials taking the law into their own hands, and making up rules and regulations of their own without consultation and without real authority.

One fine morning early in May I was up at six o'clock, wrote a rather lengthy news cable for *The New York Times*, and drove over to the cable office to file it myself. Going southward across the Garden Bridge all went well, but it was destined to be a bad day.

Returning fifteen minutes later with the morning newspapers, the Japanese sentries stopped the car, and four of them indulged in a long debate, in Japanese, about my chauffeur's pass. They then motioned to him to open the little lockbox in the dashboard, which he did. Contents: a flashlight, a polishing chamois, a box of matches, half a package of cheap Chinese-made cigarettes, and more passes.

"Ah—so," one of the sentries exclaimed in stumbling English. "So many passes—very bad."

Why he should have thought them "very bad" I shall never know. They were all official Japanese passes, all prop-

erly dated and properly stamped. In addition to my chauffeur's Garden Bridge pass there was his special pass good only for driving in the Hungjiao area, west of the city; there was also his special Army pass permitting him to drive to the Seekingjao Golf Club by a prescribed route; there was my own Seekingjao area pass, with my photograph and my certificate of membership in the Golf Club.

All Japanese are supposed to be able to read and write, but often I doubt the claim that Japan's population is more than 99 per cent literate. That was one of my doubting mornings, and besides I wanted my belated coffee and some breakfast. The four of them would put their heads together over a pass, would do a lot of muttering, and then one of them would ask: "What is this?" "My Seekingjao pass," I would reply with such a show of patience as I could muster. "So! Why? Why so many? Very bad!"

Finally, in exasperation, I summoned a Japanese Consular police sergeant who could understand English. "These men," I said, "cannot read their own language. Will you please explain these passes to them?"

There followed what sounded like an angry debate in Japanese, and finally, after a delay totaling fifteen minutes, a mandatory thumb was jerked northward and I was told to "Kush!"

So I kushed, cursing to myself and mentally consigning the whole New Order in East Asia to a place where it is reputedly hotter even in winter than it is in Shanghai on the worst of summer days.

About eleven o'clock that same morning I again tried to

drive over Garden Bridge, and wondered, as one always does, what unpleasant experience might lie in store for me.

While one Japanese sentry was scrutinizing my chauffeur's pass, another one ran in front of the car and began gesticulating angrily. The object of his wrath was the metal insignia of the Automobile Club of China. It had been affixed just above my city driving license plate for more than three years, and had passed the Japanese sentries literally hundreds of times without being noticed. Now five of those sentries gathered around and emphatically declared that no car with that insignia would be permitted to cross the bridge. It must be removed then and there.

The chauffeur got out of the car, found his screw driver and a wrench, and got to work. But the nuts and screws had rusted badly, and the job took him nearly twenty minutes. Meanwhile, traffic jammed up behind us until there was a solid line of halted cars and trucks from Garden Bridge clear to the Hongkong and Shanghai Bank—a line of halted traffic more than four blocks long.

I telephoned at once to the Secretary of the Automobile Club, who was astounded at my news. No, he had received no demand or request from the Japanese to have members remove the club's insignia from their cars. That evening, at the press conference, the Japanese Embassy, consular, Army and Navy spokesmen all denied knowledge of any such order. It was just another case of an officious underling making up rules to suit himself on the spur of the moment. Nothing was done about it, of course.

The list of bridge outrages could be prolonged for pages.

And then, there are the petty thefts by the sentries—or should one call them “military confiscations”? Eggs and vegetables and cooked chickens taken from the baskets of poor hawkers, bottles of milk and of beer “appropriated” from delivery wagons.

And then there was the case of the inquisitive sentry who put his hand into a round basket filled with lively and angry crabs. But that one must not be told, for Japanese soldiers, like some Hollywood comedies, are not to be laughed at.

A delightful open-minded Japanese friend of mine, a member of Parliament, called upon me late one afternoon. He had come to Shanghai just because he had heard so many disturbing rumors in Japan about the conduct of Japanese soldiers in China. He really wanted information, and wanted to know “the foreign reaction.” I gave him both—at great length. Like all the others, he was shocked and agreed that something must be done. But what?

“Impress upon your sentries, and upon your soldiers generally, that things of this kind are done only by cowards,” I advised.

“Cowards!” he exclaimed, angry and resentful for the first time during our long and frank conference.

“Yes, cowards,” I repeated firmly. “Your men would not dare to kick old Chinese women around, would not clout Chinese men over the head with old shoes, if they were not taking advantage of the fact that they know they are dealing with a disarmed and helpless people, while they, themselves, have the backing of their comrades who are armed with

rifles, bayonets and revolvers. If the man who kicked the old woman in the stomach had not had such backing, the crowd on the bridge that morning would have chucked him into Soochow Creek or even have torn him to pieces with their hands.

"All men and women hate and scorn and despise cowards and bullies," I continued insistently. "Your only hope of ever winning the good-will and co-operation of the Chinese masses is to revive Japan's once magnificent spirit of Bushido, which taught the strong to protect the weak. And if you cannot win Chinese good-will and co-operation in the long run, your military conquests will be utterly barren."

He thanked me, and went away—sober and thoughtful. But neither happy nor hopeful.

A few days later a military attache of one of the foreign Embassies in Chungking came to see me, and he said almost the same thing in a different way. He had reached Shanghai only two days before from China's new capital far inland on the Yangtze River.

"It's incredible, this Garden Bridge business and the general conduct of the Japanese in China," he burst out. "We hear rumors of this sort of thing in Chungking, and we read of isolated instances in old newspapers. But I, in particular, suspected exaggeration or propaganda, for I lived in Japan for three years as a language student, and I know and like the Japanese people.

"This pass business on Garden Bridge, this doffing of hats, this insistence upon cringing bows! How can they hope for eventual peace and profitable trade with a people whom

they treat in that manner? In the days of Genghis Khan, yes—probably. But not now in the day of newspapers, radio, education.

“If Japanese Army discipline teaches and demands this kind of conduct, then the Army should have a shake-up from top to bottom. Even if the Japanese do not care a hoot about American and foreign opinion, it is vital to their own future relations with China to mend their ways. Even a century of such overbearing arrogance and brutality will not transform the Chinese people into a race of cowering slaves, and every day that this sort of thing continues makes peace more distant and more impossible. Aren’t the Japanese smart enough to realize these facts for themselves?”

Yes, I think the Japanese leaders and higher authorities realize the facts and their implications. I think, too, that they would like to remedy conditions, but that they are actually powerless to do so. Sinister and uncontrollable forces have been released over East Asia, and the storm will last for a long time.

During the first two months of fighting in and around Shanghai I developed a curious feeling concerning the shelling and the bombing. I began to fancy that every shattering, terrific explosion somewhat released the long tension of hatred that had brought on the war. I compared the shelling and the bombing to flashes of lightning and deafening peals of thunder, each of which seems gradually to lessen the electric tension in the air during a summer storm.

When great guns belched lurid flashes against the night sky, when shells went whining and twisting overhead to

burst deafeningly on the outskirts of the city, when enormous bombs sent clouds of dirt and debris into huge mushroomed columns six hundred feet high into the air, I fancied that each detonation was bringing the end of fighting and hatred just that much nearer.

After all, peoples and nations can forgive war or defeat. It was not the defeat of the Confederacy that embittered our own South for more than a generation; it was the monstrous iniquities of the "carpet bag" days that made the word "Yankee" anathema to all Southerners for so long.

Today the tension in China is heightening again—the tension caused by bitterness and hatred. In time the Chinese might forget the bombing of their cities, the devastation of their land. They might even come to believe that the rape of Nanking was the fault of just one military contingent, and cease blaming the Japanese people for that horror. But the Japanese will not permit the Chinese to forget, will not permit time to heal old wounds. So long as Garden Bridge is typical of "Japan in China," so long will peace and reconciliation be impossible.

21.

JAPAN'S ANTI-FOREIGNISM

CHINA's continued resistance, the frustration of Japanese hopes for a quick and easy conquest, and the direct and indirect aid which some of the Powers, notably the United States and Great Britain, are giving to the Chinese Government have combined to make many Japanese leaders short of temper. In fact, except for an impatient tolerance of Germany and Italy, who have proved unable to assist Japan at all except by membership in the vague anti-Comintern axis, many Japanese are becoming violently anti-foreign.

At present the British, the Americans and the French are considered to be the main culprits, and their guilt is assessed in the order given. Anti-British propaganda is open and violent, even dangerous. The voices raised against the French are less strident, and very few voices are raised at

all against the United States. But this is not because our loans and credits to China are condoned, our unofficial boycotts of Japanese goods forgiven. Far from it—the thought of these things rankles.

Anti-American propaganda in Japanese newspapers and anti-American speeches in the Diet are secretly but successfully banned, and they are banned because the Japanese Navy fears a clash with the American Navy more than it fears any other possibility. But the United States is the subject of suspicion and dislike, and veiled references to the “iniquity” of American sympathy and aid for China are almost constantly met with in such transparent phrases as: “Perfidious supporters of the Chiang Kai-shek regime like Great Britain, France and *certain American Powers.*” The italics are my own.

“Certain American Powers.” Bolivia, perhaps, or Mexico? No one in the Far East is deceived, and the American people must not be deceived.

Japan does not like us. If we did not have our powerful fleet in the Pacific, we would be subject to the same insults and our trade and interests in the Far East would suffer, just as Great Britain is being insulted almost daily in Japan by Japanese, and just as British trade and interests are being undermined and discriminated against to the limit of Japan's daring.

Consider the official Japanese reactions, in March of 1939, when the announcement was made that Great Britain had advanced half of a £10,000,000 fund to stabilize Chinese currency. Half of this sum, £5,000,000, is a little less than

\$25,000,000 in American money. Only a few weeks before the stabilization fund deal was announced to the world, China was granted American credits for US \$25,000,000. There was no Japanese outcry against this important American credit, but the uproar over the British action was still continuing in huge volume months later.

Japanese newspapers in Japan have continuously attacked Great Britain because of this stabilization fund advance, but even more significant is the fact that propaganda on this score was extended to the Japanese-occupied areas in China, and an attempt was made to arouse anti-British sentiment amongst the Chinese people on the ground that by loaning money or giving credits to the Chungking Government Britain was "prolonging the war and adding to the miseries of the whole Chinese nation."

On March 13th the official spokesman of the Japanese-sponsored Nanking Reformed Government gave out a statement that certainly was carefully scrutinized and approved by the Japanese authorities before it was issued,—was most probably even written by them. This amazing statement reads:

"The British establishment of a \$10,000,000 national currency stabilization fund for the Chiang Kai-shek regime is a hostile action toward the Chinese populace in general, and we feel it necessary to take strong measures against such British pro-Chiang Kai-shek action.

"The British action contributes to prolongation of the life of the Chiang Kai-shek regime, which is on the verge of collapse. It aggravates the damage resulting from the hostilities, obstructs the restoration of peace, and, as a result of

that, of the establishment of a New Order in East Asia.

"The Chiang Kai-shek regime is continuing a useless resistance, causing great distress amongst the Chinese masses, and despite that, European and American countries, especially Britain, are giving aid."

Note the back-handed slap at the United States in the words "and American countries," and try and think of any American country other than the United States that is actively aiding China. And then remember that all pronouncements of this kind, before being made public at Nanking, must be submitted for approval to Major-General Kumakichi Harada, who holds three concurrent posts—Military Attache to the Japanese Embassy to China, director of the Special Service Section of the Japanese Army in Central China, and High Advisor to the Nanking Reformed Government.

About the same time there appeared in the "Tairiku Shimpo," a new Japanese-language daily newspaper published in Shanghai, a truly astounding editorial. This publication is understood to have Army inspiration and support, and admittedly comes under the drastic censorship control of the Japanese authorities. Yet this newspaper, with more than semi-official standing, editorially declared that if by extending a loan to support Chinese Nationalist currency, Great Britain hoped to make Japan seek a compromise, "she has gravely slighted Japan's real strength." The editorial then continued:

"If Britain fails to grasp Japan's true intentions, and refuses to appreciate Japan's real power, Nippon should deal

with Britain not with diplomatic phrases but with something which transcends them.

"If Japan wishes to correct the attitude of Britain, and of the other Powers, she should not slacken her present policy, but intensify it. Japan does not have to compromise with Britain. Far from it. Japan should carry on her operations and plans in China until Britain is brought to her knees begging Japan to protect her rights in China."

Amazing, isn't it, this sort of thing—considering its origins and sponsorship? But for our fleet in the Pacific we would be subject to the same kind of vituperation.

And then consider the editorial pronouncement of the *Manchuria Daily News* of Dairen, published on March 19th. If any newspaper under Japanese control can be considered an "official mouthpiece," it is this publication. It is practically owned by the South Manchuria Railway, Japan's principal organ of development and imperialism in Manchoukuo. More than half of the stock in the railway is owned by the Imperial family and the Japanese Government. This newspaper said, on the date just mentioned:

"'You cannot eat your cake and have it too,' runs an ancient adage. By the same token you cannot aid and comfort one side in a conflict, and claim all the presumed rights of a neutral from the other side.

"France, Britain and America are brazenly assisting the desperate Chiang gang with money, munitions and propaganda. But they still expect Japan to accord to their traders grand opportunities and privileges, even to the extent of facilitating their smuggling operations. They want the Japanese people to do something for them, which they themselves would never undertake.

"Why are such unreasonable, almost inhuman, claims being presented at the Tokyo Foreign Office? It is based on the psychological relic of the nineteenth century, that under any and all circumstances the 'foreigners' in Asia are inherently entitled to superior accommodation and consideration at the hand of mere Asiatics.

"So long as the so-called Democracies cling to that outmoded concept they will have a hard sledding in East Asia hereafter. Their pious prattles about liberty, human dignity, unalienable rights and so forth is so much idle chatter, aimed at disguising their domineering pose, their wanton claims to meddle and take sides at will in all Far Eastern political affairs."

Hard to take, isn't it? But the British have fared much worse, have been singled out for bitter propaganda, and even for boycotts. Reports from the interior in late April and early May state that in the provinces of Shantung, Kiangsu, Honan and Anhui, anti-British Associations were being formed under the direction of the Special Service Section of the Japanese Army. Such activities were especially flagrant at the cities of Hsuechow, Pengpu and Anking, where mass meetings were held at which anti-British songs were sung and anti-British slogans were shouted. British goods, including cigarettes, have been seized and burned in the streets at Anking and at Pengpu, and it is announced that the boycott is to be followed by a "popular mass movement" to drive British merchants and missionaries out of China.

Although this sort of campaign is not yet directed specifically against the United States or against Americans, except in rare instances, more than thirty Chinese language news-

papers in the occupied areas—newspapers under Japanese censorship and control—in April published violent and scurrilous anti-white-man propaganda.

While the Japanese authorities in Shanghai were pressing the International Settlement authorities to curb or suppress anti-Japanese publications enjoying the protection of the foreign-controlled area, Chinese-language newspapers in Japanese-occupied cities were attacking American and British missions and missionaries in a manner and in terms difficult to quote.

But as mild instances, these publications declared that American and British missions in China are "secret dens of prostitution," that missionary hospitals are institutions "where human beings are devoured or are killed without recourse to law as the doctors and nurses are immune from legal punishment for their deliberate ill-treatment of patients," and even that missionary churches are places where "most of the Christian widows allow themselves to be debauched by responsible members of missions or by male Christians."

The fact that this sort of propaganda is conducted with the knowledge of and without interference from either the Nanking Reformed Government ("Reformed" indeed!), and with the knowledge and at least tacit consent of the Japanese army of occupation is a fact that stinks to high heaven. No milder term will fit the case.

Now, by contrast, let us consider a formal statement made in Japan on the night of May 20th, 1939, by Premier Baron

Kiichiro Hiranuma, who in his homeland bears the nicknames of Hiranuma The Kind, The Silent, and The Just. According to a Yokohama-dated cable carried on May 21st by the semi-official Domei News Agency, the Japanese Premier declared that suppression of "peace violators" and co-operation with those states that share Japan's views are the guiding principles of Japan's foreign policies.

(Peace violators? Oh, Manchuria! Oh, Abyssinia! Oh, Spain! Oh, Czechoslovakia! Oh, China! Oh, Albania!)

"War is inevitable," Baron Hiranuma declared bluntly, "however much the statesmen and nations of the world hate it, so long as the present state of the world is left as it is.

"Although the fundamental principles of Japan's diplomacy have been fixed already, I would like the Japanese nation to realize at this juncture that Japan's diplomacy is that of justice and, based upon the spirit which motivated the founding of the Japanese Empire, is not to be swayed by self-profiting motives.

"The failure of the Versailles Treaty and the blunders of the League of Nations can be attributed to the lack of justice which underlies them.

"Then you may ask where Japan's mission lies. Japan's mission regarding the settlement of the China Incident has been often enunciated in the past. Japan's mission in the arena of world diplomacy should be also diplomacy based upon justice.

"The destructive power of a war with modern science applied to its methods is dreadful. Accordingly the combatants will incur by themselves tragic results. Their nations would be worn out and civilization tremendously retarded. Frequent repetitions of war would ruin humanity.

"Basing her actions on the diplomacy of justice, Japan

must maintain the peace of the world and do all she can to prevent a war. Japan's great mission is to cause the world Powers to live up to this great principle.

"In order to execute this mission Japan should suppress the Powers that disturb the peace and co-operate with the Powers which share Japan's aims.

"For the foregoing purpose there is a necessity to alter, to a certain degree, the *status quo* of the world."

The rest of this particular statement had to do with Communism in China, and contained an indirect attack upon Great Britain and France for seeking to reach an understanding with Soviet Russia. But it is the last two paragraphs quoted above that should particularly interest and concern Washington, and the implications of which should be understood by all Americans.

Defenders of Japan's policies and actions on the East Asiatic mainland are prone to explain that statements like that of Baron Hiranuma, just quoted, simply mean a declaration by Japan of "something equivalent to a Monroe Doctrine for East Asia."

The comparison is not only inept, it is entirely false. The American Monroe Doctrine has always left Canada and the Latin-American states entirely untrammelled. Under the Monroe Doctrine Japan has built up a huge and growing trade in South America—but in East Asia Japan's policies, as evidenced by Manchoukuo, are aimed at ousting the trade and economic interests of all other nations.

The Monroe Doctrine, in a final analysis, was a policy directed against land-grabbing and against the conquest of

the weak by the strong. Japan's policy in Manchoukuo and in China aims to support a thinly disguised annexation. That is precisely the form of policy against which the Monroe Doctrine sought to guard Latin America.

22.

THE SUMMING UP

FOR SEVERAL years before the present hostilities began it became evident that the great conflict could not be avoided unless the civilian moderates among the Japanese could curb the Japanese Army leaders. There seemed small prospect of such an accomplishment, and when the Army, in February of 1936, staged a revolt in the heart of Tokyo and murdered several Cabinet Ministers, the last hopes of a prolonged peace in the Far East were extinguished.

The only other possible way to have avoided what is happening now would have been for the great Powers to have intervened in China during the era of destructive civil wars. International intervention in the interests of the Chinese people would have made impossible subsequent single-handed Japanese intervention in the interests of Japan. But

that suggestion, at the time, was met mainly with derision; thus the chance to save China and to curb Japan was lost. Any attempt to do either today would cost twenty times as much in lives and in money as it would have cost in 1929.

Today the great question is, can Japan win?

In a military sense, I suppose, she has already won. But can she consolidate her conquest? And can she make it pay? Can she really establish and maintain this much-talked-of New Order in East Asia?

The events of the last two years, the record of what Japan has done and has not done in the occupied areas of China, only serve to confirm the opinion I formed three years before the present hostilities began. She cannot win.

Time and again during those years I told anxious Japanese friends—and American and European friends, too—that although it was evident Japan would achieve all the military victories, I felt equally certain that she lacks the political genius necessary to the successful consolidation of the position her armed strength can win for her. I have repeated this frank opinion to several Japanese friends and officials within a month of writing these pages, and the usual response has been a sigh, and the inadequate remark:

“Yes, something must be done to improve conditions in the Yangtze Valley.”

My opinion about Japan's inability to conquer, to hold and eventually to win over China is based upon Formosa, Korea and Manchoukuo. Japan has held Formosa for more than forty years, but the Formosans are not happy nor contented.

Japan has held Korea for more than thirty years. Under Japanese administration plagues and pests have been exterminated, the peninsula has been magnificently reforested, railways and highways have been built, the people have prospered to such an extent that the population has practically doubled since Korea was annexed to the Japanese Empire. But the Koreans hate the Japanese.

So in Manchoukuo. In 1931, weary of the exactions and misgovernment of Chang Hsueh-liang, many Chinese were ready to welcome the Japanese as liberators from intolerable conditions. Japan took over the country, gave it a stable currency, expanded the railway system, built highways, developed industry, gave attention to the needs of the peasants. But today the people of Manchoukuo hate the Japanese. This hatred has been rising like a tide every year since 1932. I know, because I go to Manchoukuo several times every year.

As physical administrators, the Japanese have been magnificent. As political administrators, they have failed.

The great and powerful General Ugaki admitted Japan's lack of political genius to me when he was Governor-General of Korea in 1931 and I called upon him at Seoul.

"For some reason we have never learned the secret of being a successful colonizing power," he said sadly, looking out over rebuilt Seoul, which the Japanese had transformed from a stinking cesspool of a place into a clean and healthful city.

"The British know this secret," he continued. "As an

example of what I mean, Japan today has to keep as many soldiers in Korea, with about 20,000,000 people, as Britain finds it necessary to keep in all of India with its swarming population of more than 300,000,000."

Japan has successfully been "sitting on the lid" in Formosa for more than four decades. She has owned Korea for more than three decades. She has been in control of Manchoukuo for eight years. But Formosa is a smallish island, with only a few million people. Korea has something more than 20,000,000 people. Manchoukuo has something more than 30,000,000 people.

Japan has managed to hold her gains in those countries, but how can she hold her gains in China? In the occupied areas there are more than 200,000,000 Chinese. In so-called "free China" there are another more than 200,000,000 Chinese. Japan has about 70,000,000 people. The task seems to me to be impossible of achievement, no matter if all of China is disarmed, and if Japan keeps a tank, an airplane and a battalion of soldiers at every crossroads.

The great trouble, the greatest obstacle to Japanese success, is not a matter of numbers, of guns or of money. The great obstacle to the establishment of the desired "New Order" is the ingrained arrogance with which the Japanese reveal their feeling of racial superiority over the other peoples of the Asiatic mainland.

In their homeland the Japanese will rank among the most polite people in the world. And their politeness is not a matter of hypocritical bowing and smiling—it is based upon an

innate kindness, upon a genuine hospitality, upon a real instinct to be helpful and to respond spontaneously to overtures of friendship.

But put a Japanese upon the Asiatic mainland, put him in any kind of uniform—soldier, sailor, police, customs examiner, passport official—and for some reason he is a changed person. Perhaps the heady wine of victory and of power is too much for him—I don't know. But I think that is not the case, for even after all their military victories in China I found the Japanese people in Japan practically unchanged when I was there briefly in early June of 1939.

If the Japanese fail in China, it will be because they do not treat the Chinese as self-respecting human beings. Knowing, as they do, the emphasis that the Chinese put upon "face," this is a stupid mistake.

The Japanese talk of their ardent desire to have the Chinese "co-operate," but the kind of co-operation they want and demand is precisely the kind of co-operation they would expect from a lowly servant who obeys orders with alacrity.

It is perhaps natural for the Japanese to be unable to conceal their scorn for certain of the Chinese whom they have bought, body and soul, to help them carry out their ambitious designs. No buyer has any respect for a human being he has purchased for his own uses, whether the bought one is a prostitute or a corrupt politician. But the Japanese, or the vast majority of them, at least, adopt a scornful attitude to the Chinese people in the mass. And this is wrong and unjustified, even if it is based upon their military victories. The Chinese have proved to be valiant and courageous foes

—so valiant and courageous that many foreign military experts think China would have been victorious in the first year of the war if she had possessed even half a navy and had been equipped with airplanes, tanks and artillery in adequate quantities.

If the Japanese attitude toward China was that of a generous victor toward an admittedly brave but defeated foe, there might be a chance for peace. But the Chinese believe that Japan wants to make them a race of virtual serfs, so they fight on and on. Japan derived much of her civilization, much of her literature and many of her arts from ancient China, and the Japanese, more than any other race, should have a full understanding of the fact that they can have no peace with China so long as they treat the Chinese like a subject and inferior race.

According to the highest Japanese spokesmen, Japan is waging this war with only a few major objectives—to found a New Order in East Asia, to put an end to anti-Japanism in China, to terminate China's "semi-colonial" status, and to make impossible the further spread of Communism among the Chinese.

So far, Japan has failed conspicuously in this whole program. Her shells and bombs have blasted to destruction all bases of law and order, and in the occupied areas banditry is as much a scourge to the peasants and villagers as it was during the worst of the era of civil wars. So far, nothing, literally nothing, has been done to make the lot of the Chinese people any better (or even as good) than it was before the hostilities started. Instead of doing anything to

end anti-Japanism in China, all the events of the last two years have spread and deepened Chinese hatred of Japan. As to the "semi-colonial" status, China and the third Powers too, interpret Japan's policy as being intended to reduce China to vassalage. And instead of the war having achieved anything that might tend to check the spread of Communism, the war has brought to the Chinese people such poverty, such destruction and such despair, particularly in the occupied areas, that the people are ripe to listen to almost any political doctrine that offers them even a hope of relief.

Meanwhile, the war drags on, and there are reports of the development of serious differences of opinion, even in the Japanese Army's high command. The group which for two years has favored "the knockout blow" is still very strong, but there is a growth of power and influence that says it is now necessary to stop advancing ever farther inland. This second group favors settling down, holding the front lines where they are, cleaning up the guerrillas and the bandits, and pushing economic development and rehabilitation.

Meanwhile China still insists that she has been wise in sacrificing "space for time," and says that time will defeat the invaders. Tokyo once called China "a mere geographical expression," and is learning to its cost that the description was a good one—in a military and strategic sense. Geographical spaces, the policy of dispersion before a militarily overpowering foe—these have helped China, and may yet exhaust Japan.

And what of America—what is the future of Americans and of American rights and interests in China?

President Roosevelt's abrupt denunciation of the 1911 trade treaty between Japan and the United States shocked and surprised not only Japan and the Japanese people. It also shocked multitudes of thoughtless Americans into a sudden realization of the fact that Japanese indignities heaped upon American citizens, and Japanese attacks upon American rights and properties, had finally worn down the patience of the American Government to the point where retaliation in some form seemed unavoidable. This action may serve to warn and sober the Japanese military, but it is more probable that it will irritate them into the perpetration of further dangerous follies.

One thing is certain, and that is that at the end of the war, no matter who wins, the days of special privileges, of concessions, of settlements, of extraterritoriality, of American armed forces being maintained in China, and of keeping American gunboats in Chinese rivers—those days will be definitely and probably abruptly ended.

If Japan wins, these relics of the days of China's tutelage will be quickly abolished. And if China wins, her leaders and her people, flushed with victory, will demand complete and unimpaired sovereignty on their own soil.

When the Central Executive Committee of the Kuomintang last met in Chungking, a highly significant manifesto was issued to the Chinese people and to the friendly Powers. This document referred to "the close accord" existing between China and the Western Powers, contained a pledge

to support the Open Door policy, and expressed the confident hope that at the end of the war China may fulfill her desires to enter into new "mutual assistance" arrangements with America, Britain and France, "not as an international ward, but as a full partner."

Which of course means that China will demand the termination of extraterritoriality and all of the "special treaty rights."

If these demands are pressed before law and order are fully re-established, before the judiciary again becomes a normally functioning arm of the government, there may well be mutual dissatisfaction and renewed tension over these long-disputed privileges.

So, no matter which side wins, the status of foreigners and of foreign rights and interests in China will never again be the same as before fighting broke out in July, 1937. And many foreigners are convinced they would be worse off if China wins than if Japan is a decisive victor. This same group is convinced that the Settlement and French Concession at Shanghai would be in a worse plight today if the Chinese, in August of 1937, had been able to push the Japanese into the river or to annihilate them. And they are probably quite right. In a broad sense, both the Chinese and the Japanese have a basic tendency to regard all Westerners in Asia as intruders, but anti-foreignism is more deeply ingrained in the characters of the Chinese people than in the Japanese.

The outcome of this prolonged and grim struggle is certain to be some kind of a "New Order in East Asia," but it

is extremely doubtful if it will be the kind of new order upon which the Japanese expansionists have set their hearts.

The materialist interpretation of history will not rule the final settlement of this great struggle. There are things of the spirit fighting for survival in China, and they are more and more becoming a great driving force and are pushing momentous decisions even upon some of the outstandingly selfish and calculating of the leaders on both sides. For Japan, too, is equipped with a staunch spirit and a magnificent morale. In spite of many deplorable manifestations of the results of Japanese policy, there is lofty idealism in plenty to be found in Tokyo and among the Japanese leaders of all classes in China.

The American people will feel profoundly the effects of the ultimate outcome of this great war. Neither the instinct for escapism nor the preachings of the isolationists can prevent this. We may imagine that we are safe and detached, that we are too strong to be imperiled by events so far away. We may believe that our interest is properly confined to a sentimental sympathy for the underdog, and may lull ourselves by reciting figures showing that the total American investment in China is less than the property assessment valuation of any reasonably prosperous American rural county. But this is stupid parochialism.

The outcome of this war will profoundly affect our employment situation, may seriously limit markets for various raw materials, will quite probably result in the alteration of crop plans of many of our farming districts. It may force greater naval and land armaments, and thereby necessitate

an increase of taxation which will affect every American pocket book.

President Roosevelt has expressed the conviction that this generation of Americans "has a rendezvous with destiny." That rendezvous may well be in the Pacific, if it has any geographical bounds at all, for across the Pacific an attempt is being made to make history in a manner contrary to our interests, and not at all to our liking.

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